



SCHEDULE A

AN ANNUAL BUDGET AND SUPPORTING
DOCUMENTATION MOPANI DISTRICT
MUNICIPALITY

ANNUAL BUDGET OF

MOPANI DISTRICT MUNICIPALITY

2019/20 TO 2021/22
MEDIUM TERM REVENUE AND EXPENDITURE
FORECASTS

Copies of this document can be viewed:

- In the main office and sub-offices of all municipal buildings
 - All public libraries within the municipality
- At www.mopani.gov.za

Vision

To be a food basket of Southern Africa and a tourism destination of choice

1. TABLE OF CONTENTS

PART 1 – ANNUAL BUDGET		Page No.
1.1	MAYORS REPORT	1
1.2	COUNCIL RESOLUTION	22
1.3	EXECUTIVE SUMMARY	27
1.3.1	OPERATION REVENUE FRAMEWORK	29
1.3.2	OPERATING EXPENDITURE FRAMEWORK	32
1.4	CAPITAL EXPENDITURE	35
1.5	ANNUAL BUDGET TABLES - PARENT MUNICIPALITY	37
PART 2 – SUPPORTING DOCUMENTATION		
2.1	OVERVIEW OF THE ANNUAL BUDGET PROCESS	51
2.2	OVERVIEW OF ALIGNMENT OF ANNUAL BUDGET WITH IDP	54
2.3	MEASURABLE PERFORMANCE OBJECTIVES AND INDICATORS	54
2.4	OVERVIEW OF BUDGET RELATED-POLICIES	55
2.5	OVERVIEW OF BUDGET ASSUMPTIONS	57
2.6	OVERVIEW OF BUDGET FUNDING	60

Mopani District Municipality 2019/2020 Final Annual Budget and MTREF

2.7	EXPENDITURE ON GRANTS AND RECONCILIATIONS OF UNSPENT FUNDS	61
2.8	COUNCILLOR AND EMPLOYEE BENEFITS	63
2.9	MONTHLY TARGETS FOR REVENUE, EXPENDITURE AND CASH FLOW	64
2.10	CONTRACTS HAVING FUTURE BUDGETARY IMPLICATIONS	64
2.11	CAPITAL EXPENDITURE DETAILS	65
2.12	LEGISLATION COMPLIANCE STATUS	66
2.13	OTHER SUPPORTING DOCUMENTS	66
2.14	MUNICIPAL MANAGER'S QUALITY CERTIFICATE	67

List of Tables

Table 1	Consolidated Overview of the 2015/16 MTREF
Table 2	Summary of revenue classified by main revenue source
Table 2a	Water and Sewer charges per local municipality
Table 2b	Interest on outstanding debtors per local municipality
Table 3	Proposed Water Tariffs
Table 4	Summary of operating expenditure by standard classification item
Table 5	2015/16 Medium-term capital budget per vote

The below tables will for part of the annexure attached

Table 6	MBRR Table A1 - Budget Summary
Table 7	MBRR Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)
Table 8	MBRR Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)
Table 9	MBRR Table A4 - Budgeted Financial Performance (revenue and expenditure)
Table 10	MBRR Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source
Table 11	MBRR Table A6 - Budgeted Financial Position
Table 12	MBRR Table A7 - Budgeted Cash Flow Statement
Table 13	MBRR Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation

Mopani District Municipality 2019/2020 Final Annual Budget and MTREF

Table 14	MBRR Table A9 - Asset Management
Table 15	MBRR Table A10 - Basic Service Delivery Measurement
Table 16	IDP strategic planning
Table 17	MBRR Table SA4 - Reconciliation between the IDP strategic objectives and budgeted revenue
Table 18	MBRR Table SA5 - Reconciliation between the IDP strategic objectives and budgeted operating expenditure
Table 19	MBRR Table SA7 - Reconciliation between the IDP strategic objectives and budgeted capital expenditure
Table 20	MBRR Table SA7 - Measurable performance objectives
Table 21	MBRR Table SA8 - Performance indicators and benchmarks
Table 22	Credit rating outlook
Table 23	Budget financial performance revenue and expenditure
Table 24	Breakdown of the operating revenue over the medium-term
Table 25	Proposed tariff increases over the medium-term
Table 26	MBRR SA15 – Detail Investment Information
Table 27	MBRR SA16 – Investment particulars by maturity
Table 28	Sources of capital revenue over the MTREF
Table 29	MBRR Table SA 18 - Capital transfers and grant receipts
Table 30	MBRR Table A7 - Budget cash flow statement
Table 31	MBRR Table A8 - Cash backed reserves/accumulated surplus reconciliation
Table 32	MBRR SA10 – Funding compliance measurement
Table 33	MBRR SA19 - Expenditure on transfers and grant programmes

Mopani District Municipality 2019/2020 Final Annual Budget and MTREF

Table 34	MBRR SA 20 - Reconciliation between of transfers, grant receipts and unspent funds
Table 35	MBRR SA22 - Summary of councilor and staff benefits
Table 36	MBRR SA23 - Salaries, allowances and benefits (political office bearers/councilors/ senior Managers
Table 37	MBRR SA24 – Summary of personnel numbers
Table 38	MBRR SA25 - Budgeted monthly revenue and expenditure
Table 39	MBRR SA26 - Budgeted monthly revenue and expenditure (municipal vote)
Table 40	MBRR SA27 - Budgeted monthly revenue and expenditure (standard classification)
Table 41	MBRR SA28 - Budgeted monthly capital expenditure (municipal vote)
Table 42	MBRR SA29 - Budgeted monthly capital expenditure (standard classification)
Table 43	MBRR SA30 - Budgeted monthly cash flow
Table 44	MBRR SA 34a - Capital expenditure on new assets by asset class
Table 45	MBRR SA34b - Capital expenditure on the renewal of existing assets by asset class
Table 46	MBRR SA34c - Repairs and maintenance expenditure by asset class
Table 47	MBRR SA34d- Depreciation by assets classifications
Table 48	MBRR SA35 - Future financial implications of the capital budget
Table 49	MBRR SA36 - Detailed capital budget per municipal vote
Table 50	MBRR SA37 - Projects delayed from previous financial year
Table 51	MBRR Table SA1 - Supporting detail to budgeted financial performance
Table 52	MBRR Table SA2 – Matrix financial performance budget (revenue source/expenditure type and department)

Table 53 MBRR Table SA3 – Supporting detail to Statement of Financial Position

Table 54 MBRR Table SA9 – Social, economic and demographic statistics and assumptions

Table 55 MBRR SA32 – List of external mechanisms

Abbreviations and Acronyms

ASGISA	Accelerated and Shared Growth Initiative	ℓ	litre
BC	Budget Committee	LED	Local Economic Development
CFO	Chief Financial Officer	MMC	Member of Mayoral Committee
MM	Municipal Manager	MFMA	Municipal Financial Management Act
CPI	Consumer Price Index	MIG	Municipal Infrastructure Grant
CRRF	Capital Replacement Reserve Fund	MSA	Municipal Systems Act
DBSA	Development Bank of South Africa	MTEF	Medium-term Expenditure Framework
DoRA	Division of Revenue Act	MTREF	Medium-term Revenue and Expenditure Framework
FBS	Free basic services	NERSA	National Electricity Municipality Regulator South Africa
GDP	Gross domestic product	NKPIs	National Key Performance Indicators
GFS	Government Financial Statistics	OP	Operational Plan
GRAP	General Recognised Accounting Practice	PMS	Performance Management System
IDP	Integrated Development Plan	PPE	Property Plant and Equipment
IT	Information Technology	SALGA	South African Local Government Association
kℓ	kilolitre	SDBIP	Service Delivery Budget Implementation Plan
km	kilometre	SMME	Small Micro and Medium Enterprises
KPA	Key Performance Area		
KPI	Key Performance Indicator		
kWh	kilowatt		

Part 1 – Annual Budget

1.1 Mayor's Report

The report will be presented during approval of the budget.

ed by His Worship, the Executive Mayor of Mopani District Municipality, Councillor Pule Shayi during the adoption of the IDP and Budget for the 2019/20 Financial year on the 21st of June 2019.

Mr Speaker, Ntate Wireless Sedibeng

Mayors present here

Chief whip, Mme Martha Maswanganyi and all chief whips present

Speakers from all our municipalities

Members of the Mayoral Committee

Executive Committee Members present here

Our Traditional Leaders

The leadership of the ruling party and all other parties present here

Chairpersons of our Section 79 and Section 80 Committees

Municipal Manager and senior managers

Representatives from sector departments and parastatals

Business community and organized labour

Civil society organizations and NGOs

Members of the media

All our esteemed guests

Ladies and gentlemen

Mr Speaker

It is with great humility for me to have the opportunity to deliver to this august sitting of council the draft budget and the 2019/20 Medium Term Review Expenditure Framework, the Integrated Development Plan and budget related policies.

Mr Speaker

Before I go any further, let me indicate that as the district municipality we are still reeling with shock and saddened by a horrific road crash that claimed the lives of 24 young people on the R81 Mooketsi-Giyani road on the 16th of June. As the political head of this institution I immediately advised that a Preparatory Committee be set to coordinate and mobilise resources for the mass funeral arrangements of the Maphalle 24.

The team made significant strides in ensuring that we have a successful memorial service yesterday at Kga-Rapitsi. It then assured me that there will also be a successful mass funeral tomorrow, as we will be sending the victims of that horrific accident to their final resting places. Let's all offer the necessary support to the bereaved families during this trying period.

May their souls rest in eternal peace.

Sixty-four years ago on this very month of June, the people of South Africa gathered at Kliptown in Soweto and agreed on a programme of action that still underscore the work of the democratic government.

The Freedom Charter remains a relevant guiding document for the work of government through the National Development Plan as

adopted in 2012. Our people made a bold declaration in that historic meeting in Kliptown.

They said, and I quote: **"We, the people of South Africa, declare for all our country and the world to know: that South Africa belongs to all who live in it, black and white, and that no government can justly claim authority unless it is based on the will of all the people."**

Mr Speaker

In saying this, allow me to congratulate the African National Congress on having received majority support from the people of South Africa to continue to build on the achievements of the past 25 years.

In his inauguration speech, President Ramaphosa has called on all of us, including labour, business and civil society to work together to grow South Africa. He said, and I quote: **"Let us forge a compact for an efficient, capable and ethical state, a state that is free from corruption, for companies that generate social value and propel human development, for elected officials and public servants who faithfully serve no other cause than that of the public."**

The central theme from the president's message is that government alone will not be able to achieve the goals as set out in the National Development Plan, that of ending poverty, unemployment and inequality. We all need to make our own little contribution towards the creation of a better life for all.

Mr Speaker

Delivering the sixth administration State of the Nation Address in Parliament last night, President Ramaphosa urged all of us to move with speed in ensuring that the NDP 2030 Vision is realised and I quote:

“As South Africa enters the next 25 years of democracy, and in pursuit of the objectives of the NDP, let us proclaim a bold and ambitious goal, a unifying purpose, to which we dedicate all our resources and energies. As we enter the last decade of Vision 2030, let us even more clearly define the South Africa we want and agree on the concrete actions we need to achieve them.”

President Ramaphosa is basically calling on all of us double our efforts as we work towards the betterment of the lives of our people. He is calling on all of us to agree, as a nation and as a people united in our aspirations, that within the next 10 years we will have made progress in tackling poverty, inequality and unemployment.

Few days ago, during the Special Council Sitting, we pronounced members of the Mayoral Committee. In taking forward the work, the following has been designated as Full Time positions:

Finance : MMC Modjadji GH

Governance : MMC Maake MD

Community Services : MMC Shimange

Water Services : Sefufi M H

LED : MMC Mohale MC

We further Committed to present the IDP, Budget within few ensuing days, a matter we just successfully dispensed with.

Fellow Councillors

Our meeting here today is a culmination of many months of consultation with stakeholders and all residents of our district. We are confident that the IDP and budget which we are presenting here today is a reflection of the aspirations of our people. Throughout the public participation process, including during our targeted engagements with specific sectors, the message has been loud and clear – our people want basic services such as water and sanitation.

But at the same time, our people remain hopeful of the future and do appreciate the limitations that exists.

This sitting is also in response to the legislative directive. Section 24 of the Municipal Finance Management Act provides that:

- (1) The municipal council must at least 30 days before the start of the budget year consider approval of the annual budget.
- (2) An annual budget—
 - (a) must be approved before the start of the budget year;
 - (b) is approved by the adoption by the council of a resolution referred to in section 17(3)(a)(i); and
 - (c) must be approved together with the adoption of resolutions as may be necessary—
 - (i) imposing any municipal tax for the budget year;
 - (ii) setting any municipal tariffs for the budget year;
 - (iii) approving measurable performance objectives for revenue from each source and for each vote in the budget;
 - (iv) approving any changes to the municipality's integrated development plan; and
 - (v) approving any changes to the municipality's budget-related policies.

This august sitting will be reminded that we have gone through a number of phases to arrive where we are today. We have had contact with the people of our district through the public participation process. The final determination by this council is informed by months of consultations with our people.

We are encouraged by the active participation of our communities during these consultations. Our people have heeded the call we made in 2016, when we said that **“Together advancing people’s power in every community – Local government is in your hands.”**

Our interaction with communities shall not be limited to these IDP/budget consultation meetings. We are going to strengthen our report back mechanisms to our communities, particularly through the Imbizo programme.

Let me also assure our community members that all issues raised during our IDP/budget public participation meetings, including those that are outside our mandate as a district – will find expression in the planning processes of our local municipalities as well as departments concerned.

Our people have raised issues of unemployment, roads, houses, clinics and electricity during our engagements. We shall be able to monitor implementation on all issues through our intergovernmental relations structure, which meets on a quarterly basis.

Our mandate as local government is derived from the constitution of South Africa, which outlines the objects of local government as follows:

- Provide democratic and accountable government for local communities.
- Ensure the provision of services to communities in a sustainable manner.

- Promote social and economic development.
- Promote a safe and healthy environment.
- Encourage involvement of communities and community organisations on matters of local government.

We are half-way through the term of office of this council. Our mandate is still informed by the priorities as contained in our social contract with the people of our district. Together with the people of our district, we have said we shall focus on the following priorities during this term of local government:

- Creation of decent work and sustainable livelihoods
- Education
- Health
- Rural development, food security and land reform; and
- The fight against crime and corruption

And indeed, we continue to embrace these priorities as Mopani District Municipality through the provision of water and sanitation services and also infrastructure. The provision of these key basic services will allow for the creation of decent work and sustainable livelihoods.

Fellow councillors

In September last year, we hosted a district water summit. The aim of that district water summit was to help us align the efforts and the work of all stakeholders within the district municipality behind the imperative of delivering clean and portable water, as well as provision of sanitation to our people.

We emerged from that water summit alive to the task ahead of us, and we emphatically said that the Municipal Structures Act gives district municipalities the powers and functions necessary to perform the water services authority function as detailed in the Water Services Act.

The right to water and sanitation is enshrined in Chapter 2 of the Bill of Rights in our Constitution. We cannot fail to deliver on this basic right to our people.

We have also said that the shortage of enough rainfall during the summer may derail our plans of fast-tracking water provision to our people. We have not had as much rainfall as expected. The level of water at most of our dams are very low as compared to the previous years. The alternative becomes underground water, and more and more of our resources are spent on drilling boreholes which cannot offer permanent solutions.

By the end of last week, the Tzaneen dam which supply water to a number of communities in the Greater Tzaneen Municipality, was below twenty percent. The Nsami dam in Giyani was below fifty percent, Middle-Letaba is below ten percent and Modjadji dam in the Greater Letaba Municipality is also below twenty percent.

But even against this background, we must still rise to the occasion and deliver water to our people as per the legislative mandate. The people who have no water at Hlohlokwe in Maruleng Municipality, the people who have no water at Bordeaux village in the Greater Tzaneen Municipality, the people who have no water at Sefofotse village in the Greater Letaba Municipality, the people who have no water at Humulani in the Ba-Phalaborwa Municipality, the people who have no water at Muxiyani village in the Greater Giyani Municipality - demand solutions.

Mr Speaker

Our plans as outlined in the IDP for the 2019/20 financial year will be implemented with a total budget of **one billion nine hundred**

fifteen million two hundred and eighty-nine thousand four hundred and sixty-two (R1 915 289 462).

A total of **five hundred and sixty-nine million four hundred eighty thousand two hundred fifty (R569 480 250)** forms part of our capital project, of which **five hundred and forty-nine million five hundred eighty thousand two hundred fifty (R549 580 250)** will be from grants, while **nineteen million nine hundred thousand (R19 900 000)** is from own source. Our operational budget is at an amount of **one billion three hundred and forty-five million eight hundred nine thousand two hundred and twelve (R 1 345 809 212).**

From our operational budget, a total of **one hundred and seven million seven hundred and five thousand, three hundred and sixty-six (R107 705 366)** will be for maintenance.

In Greater Tzaneen Municipality, through the municipal infrastructure grant, we are to continue the implementation of some of the water reticulation projects, which include the Joppie-Mawa Ramotshinyadi reticulation project, where we are committing an amount of **forty-three million thirty-three thousand and sixty (R43 033 060).**..

This project cuts across both the Greater Tzaneen and Greater Letaba Municipalities. The project entails the construction of water reticulation pipeline; Installation of yard connections and construction of storage facilities, as well as the refurbishment of boreholes. Communities to benefit from this project include Hlohlokwe, Mamanyoha, Taulome, Mookgo 6 and Miragoma.

We are going to spend an amount of **fifty-seven million two hundred seventeen thousand eight hundred and thirty-five (R57 217 835)** on the Thapane Water Supply Scheme: Upgrading & Extension.

Construction of ten thousand two hundred and fifty-two metre (10252m) bulk line, Construction of a 10-megalitre concrete reservoir, construction of a pump station and drilling, equipping and electrifying five boreholes.

An additional amount of **twenty-five million eight hundred ten thousand eight hundred and nineteen (R25 810 819)** will also be spent at the Thapane Water Scheme for reticulation.

In Greater Letaba Municipality, we will amongst other projects implement the Sefotse to Ditshosine Bulk Water Supply/ Ramahlatsi Bulk and Reticulation project. The project scope includes the construction of a bulk pipe line, water reticulation network, and 3278 house hold connections. The project value is at **forty-three million sixty thousand and thirteen (R43 060 013)**, and communities of Jamela, Maupa, Maphalle and Mohlabaneng will benefit from this project.

We are also upgrading the Middle Letaba Water Treatment Plant through an amount of **thirty-three million eight hundred two thousand nine hundred and twenty-four (R33 802 924)**. Still in Greater Letaba Municipality, we are committing an of **twenty million (R20 000 000)** for upgrading of Sekgosese Water Scheme.

We will implement Phase 2 of Selwane Bulk Water Project with an amount of **thirteen million five hundred forty thousand five hundred and thirteen (R13 540 513)** – this in the Ba-Phalaborwa Municipality. Through this project we will be constructing bulk water supply pipeline, water reticulation network and as well as yard connections. We will spend an amount of **twelve million five hundred and twenty-six thousand seventy (R12 526 070)** to upgrade Makhushane Water Scheme.

Our people are awaiting the completion of Mametja-Sekororo Bulk Water Project, which am told it will start supplying water to nearby villages in August this year. In the coming financial year,

we are committing an amount of **six million (R6 000 000)** through the Water Service Infrastructure Grant for reticulation, equipping and energising boreholes at Metz village in the Maruleng Municipality.

We are also to invest an amount of **ten million, seven hundred twenty-one thousand eight hundred seven (R10 721 887)** on the Hoedspruit bulk water supply, which will involve the construction of a concrete storage facility (reservoir).

We shall zoom into Hlaniki village in the Greater Giyani Municipality to construct a water reticulation pipeline, build storage facilities and stand pipes. **An amount of four million (R4 000 000)** is budgeted for this project through the Water Service Infrastructure Grant.

We will also spend an amount of **four million (R 4000 000)** from the WSIG to construct water reticulation pipeline and stand pipes at Ngove village.

Mr Speaker

In building from the achievements made in the past, we have in this financial year built one thousand and ninety-four (1094) VIP toilets. Five hundred and forty-seven (547) of these were built in the Greater Giyani Municipality. Two hundred and eighty-five (285) were built in Maruleng, while two hundred and sixty-two were built in the Ba-phalaborwa Municipality.

We can also report to this august sitting that we have completed the upgrading of Lenyenye Sewage plant.

In restoring dignity to our people, we plan to build seven thousand eight hundred and fifteen (7 815) VIP toilets across the five local municipalities during the 2019/20 financial year. We are setting aside a budget of **one hundred one million, six hundred thirty-four thousand, six hundred thirty-four (R**

101 634 634) for this purpose. We are indeed saying Water is Life and Sanitation is dignity.

We will also spend an amount of **twenty-four million five hundred and eighty-eight thousand eight hundred and four (R24 588 804)** on the Kampersrus Sewage Plant.

Ladies and gentlemen

We are saying our vision is "to be the food basket of Southern Africa and the tourism destination of choice."

We are proud to report to this august sitting that we became the first municipality in the province to establish a District Tourism Association in January 2019. This will serve as a platform for planning, discussion and implementing tourism issues in order to realize our vision of being the tourism destination of choice.

As a district municipality we are embarking on a process of reviewing our local economic development strategy into a 20 Year Economic Growth and Development Plan, aligned to the provincial growth development plan which will see us maximize our potential in tourism, mining, agriculture as well trade and manufacturing.

Just three weeks back, we hosted a mining indaba under the theme: **"Hi vuyela mugodini – going back to mining."** Key stakeholders within the sector debated on how best we can revive mining in the district as a key economic driver. We have listened to the issues raised by our traditional leaders, and we shall continue to engage with the key players within the sector around those issue. The district municipality is commissioning a study on the mineral resource prioritisation.

Programme director

In our social contract of advancing people's power in every community, we have committed to our people in 2016 that we shall continue to build spatially integrated communities. We may report to this august sitting that we are in the process of reviewing our district Spatial Development Framework. We will in the next few weeks be engaging with our communities through a public participation process for them to give inputs.

We have also budgeted an amount of two-million-nine-hundred-thousand (R2,9 million) to assist both Ba-Phalaborwa and the Greater Giyani Municipalities on the Land Use Scheme.

This will ensure that development in these municipalities is aligned to the vision, the IDP as well as the Spatial Development Framework. But most importantly, it responds to the interests of the people of our district.

During the 2019/20 financial year, we shall also be working with Ba-Phalaborwa municipality on the Gravelotte Township establishment plan. We have set aside an amount of one million (R1 million) to assist in the establishment of four hundred (400) sites.

Mr Speaker

Mopani District Municipality is a Water Services Authority and we have appointed the local municipalities as Water Service Providers. In addition to the local municipalities been appointed as water service providers, the Lepelle Northern Water has also been appointed to do water provisioning in other areas of the district.

Water Service Level Provision Agreements have been signed will all involved in water service provisioning. The municipality has budgeted **two hundred thirty million, six hundred sixty-two thousand nine hundred (R230 662 900)** to cater for the bulk purchase of water.

Tariffs policy and indigent policy will be prepared and forms part of the budget related policies presented to give effect to the effective implementation of all issues mentioned above.

The bulk supply of water is done by Lepelle Northern Water using Politsi, Modjadji, Ba-Phalaborwa and Nkowankowa schemes.

An average across the board tariff increase of **5.2** per cent from 1 July 2019 for water is proposed. This is based on input cost assumptions of for each individual schemes. National Treasury continues to encourage the municipalities to keep increases rates, tariffs and other charges as low as possible.

Municipalities must justify their budget documentation an average tariff increase across the board of 5.2 percent upper boundary of the South African Reserve Banks inflation rate. In addition, 6 kℓ water per month will again be granted free of charge to all indigents households.

The following are the tariffs for the district services

A tariff increase of 5.2 per cent for sanitation from 1 July 2019 is proposed. This is based on the input cost assumptions related to water.

- Sanitation charges are calculated according to the percentage water discharged as indicated in the table below;
- Free sanitation will be applicable to registered indigents; and

1. Overall impact of tariff increases on households

The overall percentage increase on tariffs is on average 5.2 for the sale of tenders, these are the reviewed tariffs determined in terms of the approved tariff policy

Mr Speaker

In our efforts of fighting unemployment, we have created two thousand one hundred and thirty-nine (2139) jobs through the expanded public works programme since the start of the 2019/20 financial year.

We have renewed the contracts of two hundred and sixty-six borehole operators. We are now able to pay the borehole operators on a monthly basis as opposed to periodic payments as in the past. The reviewed contracts now have added benefits such as COIDA and UIF.

We must commend the work done through the EPWP District Forum which continues to ensure that we consistently comply with the EPWP guidelines. It is through the work of this forum that we have seen our grant allocation increase from one-million, two hundred thousand (R1,2million) to three-million-and-two-hundred thousand (R3,2 million). The two hundred percentage increase is credited to the work of the forum, in consistently reporting spending to national government.

Fellow councillors

June is an important month in the history of our country. It is during this month that we get to reflect on the role played by the youth of this country in the struggle for liberation, in particular by commemorating the 1976 student uprising.

We also get an opportunity to look into the efforts made by government in partnership with civil society organisations in implementing progressive programmes to ensure youth development in pursuit of the attainment of inclusive economic freedom that contributes to the development of our country.

In response to the call made by President Cyril Ramaphosa of absorbing more young people into paid internship programmes.

We have, in this current financial year absorbed ninety young people through a learnership programme which started in August 2018. We are absorbing a further ninety during the start of the 2019/20 financial year.

Two weeks ago we have also welcomed fifty young people through an internship programme. These young men and women will be with us for a period of 12 months, with majority of them placed in water services.

Addressing the Youth Day Rally at Polokwane over the weekend, President Ramaphosa called on all of us to rise as one and open up opportunities for our youth.

In our efforts to expand broadband in our district, we are committing to ensure functional Wi-Fi hotspots starting with the main office in Giyani during the 2019/20 financial year.

Council approved for collaboration with the SADC Business Forum. A Memorandum of Understanding has been signed and the roll out activities will unfold in 2019/20. Part of the activities, include the roll-out of internet (ICT) access to our rural communities.

At the centre of these activities is youth empowerment, for we appreciate that we are in the fourth industrial revolution and we should be able to embrace technological advances in order to remain relevant and efficient as a society.

With a budget of **two million, and seven hundred thousand (R2 700 000)** we awarded bursaries to ninety-four (94) students during the 2018/19 financial year. We are again committing an amount of (R·2 700 000) to assist children of the poor and the working class through the student assistance fund within the Office of the Executive Mayor.

We are steadfast in our efforts of contributing to the education of the children of the working class. Through the student assistance fund, we are hoping to expand the pool of skilled people such as technicians, artisans and engineers within our district.

We are also committing an amount of **five hundred thousand (R500 000)** to identify and train youth to assess farmers against the global gap certification.

We now have the offices of the National Youth Development Agency within our district. Working with the youth desks within our municipalities – we are confident that they will touch and change the lives of our young people.

Council has recently approved for the roll out of Vukhuphile programme. The district municipality will partner with Public Works for the incubation of CIDB level 1-3 contractors. A reasonable amount from the total construction budget of MDM will be reserved to empower the contractors.

Fellow councillors

The budget we are presenting here today is for the people of Mopani. We have to jointly work together to ensure that every cent of this budget is accounted for, and spent for betterment of the lives of our people.

Last night President Ramaphosa further said and I quote:

“We have asked the National Director of Public Prosecutions to develop a plan to significantly increase the capacity and effectiveness of the NPA, including to ensure effective asset forfeiture. We need to ensure that public money stolen is returned and used to deliver services and much needed basic infrastructure to the poorest communities.”

The president further said that the new SIU Special Tribunal will start its work within the next few months to fast track civil claims arising from SIU investigations, which are currently estimated to be around R14.7 billion.

Fellow Councillors

This should serve as a warning to all of us and also to officials of Mopani District Municipality that all the municipal funds should be accounted for.

The President has set the tone that, failure to account for public funds should be met with dire consequences. I am told that the SIU has already made several visits to the offices of the district municipality.

Mr Speaker

Council has to support the work of Oversight Committees. Let me remind you that we are here to serve the interests of the people of our district. We have committed to work around changing the audit outcome of this municipality and to ensure there is clean governance.

Operation Clean Audit cannot just be a slogan. We have to implement the audit action plan without fail. It is important to appreciate the excellent work done by the Municipal Public Accounts Committee (MPAC) as well as the Audit Committee.

We are also pleased to inform our communities that we have developed the terms of reference for the District Anti-Corruption Forum. We shall ensure that our people are aware of the work of the forum, so as to actively participate in the fight against corruption by reporting corrupt activities to law enforcement agencies.

Mr Speaker

Allow me to commend the efforts by young people of Dan village and surrounding areas who have taken it upon themselves to work with the police to rid their streets of crime.

Through my interaction with residents of that area, I have learned that our people now feel safe, thanks to the work of these brave young men who patrol the streets of Dan village even during these chilly winter nights.

The most vulnerable people within our societies, the women and children find comfort in knowing that someone is out there looking out for them. We salute these young men for having raised their hands in response to the Thuma mina call made President Ramaphosa.

This is in line with our commitment in 2016 when we said communities can work together with the police in the fight against crime through the establishment of street committees and patrol groups.

We are calling upon the business community to support such initiatives. Addressing the Consultative Business Movement at Johannesburg in 1990, former president Nelson Mandela, posed a question to the business community which remains relevant today: **“The question is - What are you prepared to do for your country, rather than what your country can do for you.”**

We believe that Dan village can be a case study for the rest of our communities in the district to appreciate that working together we can build safer communities.

Fellow councillors

All of us here represent the aspirations of our people, and we have to ensure that this budget brings with it a new dawn.

We are presenting here today a total budget **one billion, nine hundred and fifteen million, two hundred and eighty-nine thousand four hundred and sixty-two (R1 915 289 462)** for the 2019/20 financial year.

It is therefore my singular honour to table the MTEF budget for 2019/20, 2020/21 and 2021/22, the reviewed Integrated Development Plan, and the budget related policies to the council of Mopani District Municipality for adoption on behalf of the people of Mopani.

Let us move forward, guided by our collective responsibility to change the lives of our people in this district by providing quality basic services. This is one task we have accepted with great humility, and it is one task we cannot afford to relegate to anyone else.

Thank you

1.2 Council Resolutions

	F: 2/11/2	FINAL BUDGET FOR 2019-2020; 2020-2021 & 2021-2022
--	-----------	---

RESOLVED:

MOTIVATION

The municipality is required to comply with the municipal finance management act in terms of annual budgeting.

LEGAL REQUIREMENTS

Section 24 of the Municipal Finance Management Act provides states that:

(1) The municipal council must at least 30 days before the start of the budget year

consider approval of the annual budget.

(2) An annual budget—

(a) must be approved before the start of the budget year;

(b) is approved by the adoption by the council of a resolution referred to in section 17(3)(a)(i); and

(c) must be approved together with the adoption of resolutions as may be necessary—

(i) imposing any municipal tax for the budget year;

(ii) setting any municipal tariffs for the budget year;

(iii) approving measurable performance objectives for revenue from each source and for each vote in the budget;

(iv) approving any changes to the municipality's integrated development plan; and

(v) approving any changes to the municipality's budget-related policies.

RECOMMENDATIONS

1. That Council takes note of the Final MTEF for 2019/20; 2020/21 and 2021/22.

2. That Council approves the Final MTEF as follows:

2.1. REVENUE

DESCRIPTION	2019/2020 R	2020/2021 R	2021/2022 R
Interest Earned- External Investment	9 000 000	9 486 000	9 998 344
Grants	1 522 020 000	1 796 676 000	1 942 571 000
Other revenue	13 940 000	14 692 760	15 486 169
Water & Sewerage- locals	226 429 876	238 657 089	251 544 572
Total	1 771 394 876	2 059 511 849	2 219 599 985

2.2. EXPENDITURE

DESCRIPTION	2019/2020 R	2020/2021 R	2021/2022 R
Employee related cost- Salaries and wages	368 739 964	394 183 022	421 381 651
Employee related cost- Social contribution	96 520 422	101 732 524	107 226 081
Depreciation	178 067 165	187 686 054	197 822 478
Debt impairment	61 339 909	64 652 264	68 143 486
Repairs and Maintenance	107 705 366	110 099 891	120 332 653
Contracted Services	287 341 657	278 535 844	240 130 605
Bulk Purchases	20 662 900	22 088 641	23 612 757
General Expenditure	225 427 629	240 982 136	257 609 903

Mopani District Municipality 2019/2020 Final Annual Budget and MTREF

Capital Outlay	19 900 000	40 742 200	23 973 658
Infrastructure	549 580 250	701 227 415	647 184 700
Total Expenditure	1 915 289 462	2 141 929 991	2 107 417 972
Less Depreciation and Debt Impairment(Non cash)	239 407 074	252 335 056	265 961 149
Adjusted Total Expenditure	1 675 882 388	1 889 594 935	1 841 456 823
SURPLUS	95 512 488	169 916 915	378 814 162

3. That Council takes note of surpluses of R 95 512 488 for 2019/20; R 169 916 915 for 2020/21 and R 378 814 162 for 2021/22.
4. That council takes note that the surplus is **NOT** cash backed but rather an accounting surplus calculated on an accrual basis of accounting.
5. Council deliberates on the Final MTEF budget as detailed above.
6. Council approves the Final MTEF budget for 2019/20, 2020/21 and 2021/22 as detailed above.
7. Council notes the budget related policies as annexed hereto.
8. The finance portfolio committee to have a special sitting to review all the budget related policies.
9. Council approves the tariffs as annexed hereto
10. Council approves the financial delegations
11. The Final MTEF budget as approved be publicised in the various media

12. Management ensures that the SDBIP is prepared as per the MFMA.
13. The approved MTEF budget be submitted to the National and Provincial Treasuries.
14. That Management prepares a financial recovery plan to address unfunded budget position

SCD/04/2019	F: 15/2/1/4	DRAFT REVIEWED IDP FOR 2016-2021 (2019/20 VERSION 4)
-------------	-------------	---

RESOLVED:

1. That Council takes note of the Draft Integrated Development Plan (IDP) for 2016 – 2021 (2019/20 version 4);
2. That the Draft Reviewed IDP be subject to public consultation before approval;
3. That projects that will be submitted from any organ of state must be included in the public participation programme;
4. That the Municipal Manager and his management team to prepare the public participation schedule in consultation with the local municipalities before it is publicised.

1.3 Executive Summary

The Mopani District Municipality on the 29th July 2018 approved a time schedule outlining the key deadlines in terms of the preparation of both IDP and budget for the 2019/2020 financial year. In the reminding ourselves about the objectives of the Municipal Finance Management Act, the application of sound financial management principles for the compilation of the municipality's financial plan is essential and critical to ensure that the Mopani District Municipality remains financially viable and that municipal services are provided sustainably, economically and equitably to all communities.

The service delivery priorities were reviewed as part of this year's planning and budget process. The municipality's budget has been aligned to the national key indicators to allow maximum service delivery. The current climate has given rise to a need by municipality to maximise on water projects. In the previous year, the municipality appointed a service provider for the compilation of the Revenue Enhancement Strategy, which will include policy for credit control and debt collection. The strategy will therefore give birth to compilation of the Indigent Register for an effective implementation of the strategy

The following are the five National key indicators for service delivery:

- Creation of decent work and sustainable livelihoods
- Education
- Health
- Rural development, food security and land reform; and
- The fight against crime and corruption

Mopani District Municipality embraces these priorities through the provisioning of water and sanitation services and infrastructure. These will allow for the creation of decent work and sustainable livelihoods. The provision of free basic services by MDM will allow for rural development.

National Treasury's MFMA Circular No. 51, 54, 55, 58, 59, 66, 67, 70 , 72 , 74,75, 78 , 79, 83 , 86 and 94 were used to guide the compilation of the 2019/20 MTREF.

The main challenges experienced during the compilation of the 2018/2019 MTREF can be summarised as follows:

- The ongoing difficulties in the national and local economy;
- Aging and poorly maintained water infrastructure;
- The need to reprioritise projects and expenditure within the existing available resources given the cash flow realities and declining cash position of the municipality;
- The increased cost of bulk water and electricity (due to tariff increases from Lepelle Northern Water and Eskom), which is placing upward pressure on service tariffs to residents.
- Affordability of capital projects considering that the municipality is predominantly rural with no infrastructure.
- Fully taking over the staff and liabilities from DWA.
- Cost effective tariff implementation on residents.
- Non-payment of services by consumers

The above challenges have a potential to deny the municipality sufficient cash resources to ensure that the provision of water and sanitation services is of quality and uninterrupted.

The limited financial resources and financial constraints are illustrated in tables 1 to 2b in the form of overreliance on grants and poor collection of revenue billed for water and sanitation services.

An increase in employee costs emanating mainly from the need to increase personnel to cater for the service delivery needs of our communities together with the devolution of health services to the district by the health department put more strains on the budget and the municipal fiscus. As a consequence the municipality will find it difficult to provide communities with free basic services.

The table below gives an overview of the Mopani District Municipality 2019/2020 budget

Table 1 Consolidated Overview of the 2019/2020 MTREF

R Thousand	Budget Year 2019/2020	Budget Year 2020/2021	Budget Year 2021/2022
Total Revenue	1 771 394 876	2 059 511 849	2 219 599 985
Total Expenditure	1 915 289 462	2 141 929 991	2 107 417 972
Surplus/(Deficit) after capital exp	(143 894 586)	(82 418 141)	112 182 013

1.3.1 Operating Revenue Framework

The municipality derives its revenue mainly from grants and subsidies. Other sources of revenue are interest earned; tender documents; VAT refund and service charges from water, sanitation, fire and environmental health services,

The following table is a summary of the 2019/2020 MTREF (classified by main revenue source):

Table 2 Summary of revenue classified by main revenue source

Description	2019/20	2020/21	2021/22
Equitable Shares	919 537 000	998 379 000	1 086 819 000
EPWP	3 292 000	0	0
Financial Management Grant	2 330 000	2 762 000	3 032 000
Municipal Infrastructure Grant	454 295 000	481 413 000	520 425 000
Rural Roads Asset Management Grant	2 338 000	2 472 000	2 609 000
Water Services Infrastructure Grant	140 233 000	311 650 000	329 692 000
Interest Earned	9 000 000	9 486 000	9 998 244
Services charges- Water and Sewage	226 429 976	238 657 089	251 544 572
Other revenue	13 940 000	14 692 760	15 486 169
Total	1 771 394 876	2 059 511 849	2 219 599 985

Table 2a-The table below illustrate the breakdown of the services charges of Water and Sewage per local municipality

Municipality	2019/20	2020/21	2021/22
Ba-Phalaborwa-Water	128 250 886	135 176 434	142 475 962
Ba-Phalaborwa-Sewerage	22 146 353	23 342 256	24 602 738
Greater Giyani- Water	16 716 167	17 618 840	18 570 257
Greater Giyani- Sewerage	2 976 281	3 137 000	3 306 398
Greater Letaba – Water	10 452 913	11 017 370	11 612 308
Greater Letaba – Sewerage	3 857 389	4 065 688	4 285 235
Greater Tzaneen – Water	29 806 761	31 416 326	33 112 808
Greater Tzaneen – Sewerage	7 138 016	7 523 469	7 939 736
Maruleng Water and Sewerage	4 691 929	4 945 294	5 212 340
Maruleng-Sewerage	393 181	414 412	436 790
Total	226 429 876	238 657 089	251 544 572

Included in the above table which illustrate the services charges on water and sewage are interest on outstanding debtors by local municipalities.

Table 2b- Interest on outstanding debtors per municipality

Municipality	2019/20	2020/21	2021/22
Ba-Phalaborwa-Water	19 480 041	20 531 963	21 640 689
Ba-Phalaborwa-Sewerage	3 826 708	4 033 351	4 251 152
Greater Giyani- Water	5 775 452	6 087 326	6'416'042
Greater Giyani- Sewerage	27 183	290 043	305 705
Greater Letaba – Water	3 460 466	3 647 331	3 844 287
Greater Letaba – Sewerage	422 401	445 211	469 252
Greater Tzaneen – Water	4 330 660	4 564 516	4 810 999
Greater Tzaneen - Sewerage	1 193 482	1 257 930	125 858
Maruleng – Water & Sewerage	26 614	28 051	29 566
TOTAL	8 956 854	40 885 722	35 477 508

The municipality's main sources of Revenue are water and Sanitation as well as conditional and Unconditional grants. The municipality mainly relies on the grants from National Treasury since

own Revenue has been decentralised to the local municipalities through the service level agreement. The key challenges lie in the compliance of the said agreements by both Local and District municipalities wherein collection function is the sole responsibility of the local municipalities.

The municipality is grant dependent with limited revenue collection streams. The poorly controlled decentralisation of revenue at local municipalities coupled with low margins on water and sanitation sales remain the main reason for the municipality to struggle with funding.

The municipality is currently finalising on the revenue enhancement strategy with the assistance of the Provincial Treasury.

Sale of Water and Sanitation and their Impact of Tariff Increases

Mopani District Municipality is a Water Services Authority and has appointed the local municipalities as Water Service Providers. In addition to the local municipalities, the Lepelle Northern Water has also been appointed to do water provisioning in other areas of the district. Water Service Level Provision Agreements have been signed with all involved in water service provisioning. The municipality has budgeted R230'662'900 to cater for the bulk purchase of Water.

Tariffs policy and indigent policy will be prepared and forms part of the budget related policies presented to give effect to the effective implementation of all issues mentioned above.

The bulk supply of water is done by Lepelle Northern Water using Politsi, Modjadji, Ba-Phalaborwa and Nkowankowa schemes.

An average across the board tariff increase of 5.2 per cent from 1 July 2019 for water is proposed. This is based on input cost assumptions for each individual scheme. National Treasury continues to encourage the municipalities to keep increases in rates, tariffs and other charges as low as possible. Municipalities must justify their budget documentation with an average tariff increase across the board of 5.2 percent, the upper boundary of the South African Reserve Bank's inflation rate. In addition, 6 kℓ of water per month will again be granted free of charge to all indigent households.

The following are the tariffs for the district services

A tariff increase of 5.2 per cent for sanitation from 1 July 2019 is proposed. This is based on the input cost assumptions related to water.

- Sanitation charges are calculated according to the percentage water discharged as indicated in the table below;
- Free sanitation will be applicable to registered indigents; and

Overall impact of tariff increases on households

The overall percentage increase on tariffs is on average 5.2 for the sale of tenders, these are the reviewed tariffs determined in terms of the approved tariff policy.

1.4 Operating Expenditure Framework

The Municipality's expenditure framework for the 2019/2020 budget and MTREF is informed by the following:

- Balanced there are existing uncommitted cash-backed reserves to fund any deficit;
- Funding of the budget over the medium-term as informed by Section 18 and 19 of the MFMA;
- The capital programme is aligned to the asset renewal strategy and backlog eradication plan;
- Operational gains and efficiencies will be directed to funding the capital budget and other core services; and

The following table is a high level summary of the 2019/2020 budget and MTREF (classified per main type of operating expenditure):

Table 4 Summary of operating expenditure by standard classification item

DESCRIPTION	2019/2020 R	2020/2021 R	2021/2022 R
Employee related cost-Salaries and wages	368 739 964	394 183 022	421 381 651

Mopani District Municipality 2019/2020 Final Annual Budget and MTREF

Employee related cost-Social contribution	96 520 422	101 732 524	107 226 081
Depreciation	178 067 165	187 686 054	197 822 478
Debt impairment	61 339 909	64 652 264	68 143 486
Repairs and Maintenance	107 705 366	110 099 891	120 332 653
Contracted Services	287 341 657	278 535 844	240 130 605
Bulk Purchases	20 662 900	22 088 641	23 612 757
General Expenditure	225 427 629	240 982 136	257 609 903
Total Expenditure	1 345 805 012	1 399 960 376	1 436 259 614

The budgeted allocation for employee related costs and remuneration of councillors for the 2019/20 financial year totals R465 268 386, which is 35 per cent of the total operating expenditure. Salary increases have been factored into this budget as per the Municipal Finance Management Act Circular no. 94 at a percentage increase of 5.2 per cent for the 2019/2020 financial year. An annual increase of 5.4 and 5.4 per cent has been included in the two outer years of the MTREF respectively.

The cost associated with the remuneration of councillors is determined by the Minister of Co-operative Governance and Traditional Affairs in accordance with the Remuneration of Public Office Bearers Act, 1998 (Act 20 of 1998). The most recent proclamation and the adjustment in the equitable share allocation in this regard have been taken into account in compiling the municipality's budget.

Provision for depreciation and asset impairment has been informed by the Municipality's Asset Management Policy. Depreciation is widely considered a proxy for the measurement of the rate asset consumption.

Bulk purchases are directly informed by the purchase of water from Lepelle Northern Water and the Department of Water Affairs. The annual price increases have been factored into the budget appropriations and directly inform the revenue provisions. The expenditures include distribution losses.

Other materials comprise of amongst others the purchase of fuel, diesel, materials for maintenance, cleaning materials and chemicals.

Other expenditure comprises of various line items relating to the daily operations of the municipality.

1.4.1 Priority given to repairs and maintenance

In terms of the Municipal Budget and Reporting Regulations, operational repairs and maintenance is not considered a direct expenditure driver but an outcome of certain other expenditures, such as remuneration, purchases of materials and contracted services.

Aligned to the priority being given to preserving and maintaining the municipality's current infrastructure, the budget and MTREF provide for extensive growth in the area of asset maintenance as informed by the asset renewal strategy and repairs and maintenance plan from the municipality.

During the compilation of the budget, operational repairs and maintenance was identified as a strategic imperative owing to the aging of municipal infrastructure and historic deferred maintenance.

Due to financial constraint, the municipality could not provide adequately for the repairs and maintenance of Property, plant and equipment.

1.4.2 Free Basic Services: Basic Social Services Package

Mopani District Municipality provides as part of its basic social services package both free basic water of 6kl and free sanitation for all indigent households per month.

1.4.3 Past performance

The municipality has not been performing well on the following areas in the past three financial years:

- Collection of own revenue from water and sanitation
- Repairs and maintenance of water and sanitation infrastructure
- Capital expenditure mainly with regard to Municipal Infrastructure Grant and Water Services Operating Grant.

As a result service delivery has been negative affected due to poor infrastructure due to limited funds to repair and maintain the infrastructure, as well as that no adequate new and better infrastructure was introduced.

Refer to tables from 1.7.2 to 1.7.10 for more numeric information.

1.5 Capital expenditure

The total capital budget for the **2019/2020** financial year amounts to **R569 480 250** of which **R431 580 250** for municipal infrastructure grant, **R120 000 000** for Water Services Infrastructure Grant and **R 19 900 000** for Own funding (Equitable Shares).

Further detail relating to asset classes and proposed capital expenditure is contained in Table A9 (Asset Management). In addition to the MBRR Table A9, MBRR Tables SA34a, b, c provides a detailed breakdown of the capital programme relating to new asset construction, capital asset renewal as well as operational repairs and maintenance by asset class. Some of the salient projects to be undertaken over the medium-term includes, amongst others:

The following are the capital expenditure projects to be implemented in the 2019/2020 financial year:

No	Projects Names	Amount
1.	Hoedspruit Bulk Water Supply	10 721 887
2.	Jopie Mawa- Ramotshinyadi	43 033 060
3.	Tours Bulk Water Scheme upgrading of Tours water Treatment	20 407 708

Mopani District Municipality 2019/2020 Final Annual Budget and MTREF

	Plant	
4.	Sefofotse to Ditshosini Bulk Water Supply(Bellevue, Sefofotse)	43 060 013
5.	Thapane Water supply scheme -Upgrading and extension	57 217 835
6.	Thapane Water supply scheme -Upgrading of Water Reticulation and extension	25 810 819
7.	Mopani Household Sanitation	101 294 634
8.	Lephepane Bulk Water	15 000 000
9.	Kampersrus Sewage Plant	24 588 804
10.	Upgrading of Nkowankowa Sewage Plant	3 679 165
11.	Kampersrus Water Reticulation	15 123 400
12.	Upgrading of Middle Letaba Water Treatment Plant	33 802 924
13.	Lulekani Water Scheme(Benfarm)	12 000 000
14.	Ritavhi 2 Water Scheme	22 500 000
15.	Thabina to Lenyenye Bulk Water Supply	25 781 900
16.	Tours Water Scheme(Reticulation of 24 Villages)	14 634 634
17.	Sekgosese Water Scheme	20 000 000
18.	Makhushane Water Scheme	12 526 070
19.	Installation of bulk meters	5 000 000
20.	Electrical Transformers	5 000 000
22.	Dzingidzingi_Refurbishment of package plant and internal water reticulation	4 000 000
23.	Mapuve_Refurbishment of package plant and internal water reticulation	4 000 000
24.	Dzumeri_upgrading of internal reticulation	4 000 000
25.	Khujwana_Refurbishment of package plant and internal water reticulation	4 000 000
26.	Mabjepilong_upgrading of internal reticulation	1 400 000
27.	Replacement and resizing of asbestos cement pipes in Namakgale	4 000 000
28.	Replacement and resizing of asbestos cement pipes in Lulekani	4 000 000
29.	Metz Refurbishment , rehabilitation of internal water reticulation network	4 000 000
30.	Makhuvha_upgrading of internal water reticulation network	4 000 000
31.	Mokwashele_Refurbishment , rehabilitation of internal water reticulation network	4 000 000
32.	Mapikiri_Replacement and resizing of water storage tank and pipes	4 000 000
33.	Construction of Sewer Emergency Dam at Tshelang Gape sewer booster station	820 000

Mopani District Municipality 2019/2020 Final Annual Budget and MTREF

34.	Makgakgapatse_upgrading of internal water reticulation network	3 150 000
35.	Mariveni_ Refurbishment , rehabilitation and upgrading of internal water reticulation network	2 000 000
36.	Makosha_ Construction of 1.7x110mm PVC pipeline and 300l steel tank	1 500 000
37.	Lenyenye_ Erection of the perimeter fence	1 550 000
38.	Makhubidung_ Refurbishment of Internal Network	4 000 000
39.	Kgapane_ Refurbishment of Bulk Water Supply	4 000 000
40.	Eco-Park (Xikukwane) water reticulation	4 000 000
41.	Hlaneki water reticulation	4 000 000
42.	Ngove_ Construction of Water Reticulation	4 000 000
43.	Rotterdam (Manyunyu) Ground Water Scheme	550 000
44.	Santeng source development	2 500 000
45.	Construction of 4 Operator houses at Nondweni treatment plant	3 240 000
46.	Kuranta_ Construction of Water reticulation pipeline	3 605 100
47.	Thabina/Lenyenye _Upgrading of bulk line	4 000 000
48.	Senwamokgope_ Construction of Sewer Reticulation	4 000 000
49.	Ramaroka_ Construction of Water Reticulation	4 000 000
50.	Modjadji Water Scheme_ Iketleng	5 684 900
51.	Nkambako_ Refurbishment of Water Treatment Plant	4 000 000
52.	Middle Letaba_ Refurbishment of Water Treatment Plant	4 000 000
53.	Namakgale_ Refurbishment of Water Treatment Plant	4 000 000

1.5.1 Future operational cost of new infrastructure

The infrastructure development done is mainly in the rural areas and presently there is no revenue collection done at these areas hence no operational cost of new infrastructure.

1.6 Annual Budget Tables – Mopani District Municipality

Ten main budget tables as required in terms of section 8 of the Municipal Budget and Reporting Regulations. These tables set out the municipality's 2019/20 budget and MTREF as adopted by the Council.

Mopani District Municipality 2019/2020 Final Annual Budget and MTREF

1.6.1. Explanatory notes to MBRR Table A1 - Budget Summary

DC33 Mopani - Table A1 Budget Summary

Description	2015/16	2016/17	2017/18	Current Year 2018/19				2019/20 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Financial Performance										
Property rates	-	-	-	-	-	-	-	-	-	-
Service charges	268 610	207 261	178 850	213 293	213 293	213 293	213 293	187 639	197 771	208 451
Investment revenue	-	-	-	-	-	-	-	-	-	-
Transfers recognised - operational	656 590	705 950	1 254 190	858 918	858 918	858 918	858 918	925 159	1 001 141	1 089 845
Other own revenue	100 832	11 394	51 589	126 417	127 987	127 987	127 987	61 731	65 064	68 578
Total Revenue (excluding capital transfers and contributions)	1 026 032	924 605	1 484 629	1 198 628	1 200 198	1 200 198	1 200 198	1 174 529	1 263 977	1 366 874
Employee costs	297 129	367 841	376 318	411 623	367 714	367 714	367 714	451 864	481 595	513 299
Remuneration of councillors	12 396	13 297	13 179	12 308	13 378	13 378	13 378	13 396	14 320	15 309
Depreciation & asset impairment	175 358	169 021	177 884	184 688	184 688	184 688	184 688	178 067	187 686	197 822
Finance charges	-	-	226	-	-	-	-	-	-	-
Materials and bulk purchases	433 136	271 184	353 196	369 309	382 632	382 632	382 632	128 368	132 189	143 945
Transfers and grants	-	-	1 326	-	-	-	-	-	-	-
Other expenditure	167 260	328 942	305 221	246 942	310 463	310 463	310 463	574 109	584 170	565 884
Total Expenditure	1 085 278	1 150 085	1 227 349	1 224 870	1 258 875	1 258 875	1 258 875	1 345 805	1 399 960	1 436 260
Surplus/(Deficit)	(59 247)	(225 480)	257 280	(26 242)	(58 678)	(58 678)	(58 678)	(171 276)	(135 984)	(69 386)
Transfers and subsidies - capital (monetary allocated)	241 468	440 956	-	553 699	656 110	656 110	656 110	596 866	795 535	852 726
Contributions recognised - capital & contributed assets	-	-	-	-	-	-	-	-	3 655	-
Surplus/(Deficit) after capital transfers & contributions	182 222	215 476	257 280	527 457	597 432	597 432	597 432	425 590	663 406	783 340
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year	182 222	215 476	257 280	527 457	597 432	597 432	597 432	425 590	663 406	783 340
Capital expenditure & funds sources										
Capital expenditure	271 175	449 835	541 698	581 459	722 153	722 153	722 153	569 480	741 970	671 158
Transfers recognised - capital	205 097	441 507	538 227	553 699	694 473	694 473	694 473	536 830	683 227	643 472
Borrowing	-	-	-	-	-	-	-	-	-	-
Internally generated funds	66 078	8 328	3 472	27 760	27 680	27 680	27 680	32 650	58 742	27 687
Total sources of capital funds	271 175	449 835	541 698	581 459	722 153	722 153	722 153	569 480	741 970	671 158
Financial position										
Total current assets	990 871	660 729	551 271	671 937	671 937	671 937	671 937	829 126	979 859	1 262 868
Total non current assets	4 717 448	4 813 022	5 177 610	4 813 022	4 813 022	4 813 022	4 813 022	5 063 299	5 336 718	5 624 900
Total current liabilities	1 300 435	542 451	1 730 115	542 451	542 451	542 451	542 451	570 659	601 474	633 954
Total non current liabilities	78 700	57 937	108 235	57 937	57 937	57 937	57 937	60 949	64 241	67 710
Community wealth/Equity	4 329 183	4 893 363	3 890 531	4 884 571	4 884 571	4 884 571	4 884 571	5 260 817	5 650 861	6 186 104
Cash flows										
Net cash from (used) operating	266 675	449 131	587 013	522 044	552 819	552 819	552 819	377 288	665 848	795 498
Net cash from (used) investing	(271 652)	(449 284)	(460 822)	(615 241)	(722 057)	(722 057)	(722 057)	(499 734)	(572 025)	(561 911)
Net cash from (used) financing	-	-	-	-	-	-	-	-	-	-
Cash/cash equivalents at the year end	109 350	109 204	133 952	(85 445)	(161 485)	(161 485)	(161 485)	8 858	102 681	336 268
Cash backing/surplus reconciliation										
Cash and investments available	109 358	16 545	131 304	7 752	7 752	7 752	7 752	45 908	154 347	392 778
Application of cash and investments	1 244 573	528 521	1 378 773	373 443	367 898	367 898	367 898	728 606	762 551	798 329
Balance - surplus (shortfall)	(1 135 215)	(511 976)	(1 247 470)	(365 691)	(360 146)	(360 146)	(360 146)	(682 698)	(608 205)	(405 551)
Asset management										
Asset register summary (WDV)	4 484 743	4 816 440	5 168 154	5 776 203	5 776 203	5 776 203	5 776 203	583 330	661 085	655 929
Depreciation	175 358	169 021	177 884	184 688	184 688	184 688	184 688	178 067	187 686	197 822
Renewal and Upgrading of Existing Assets	199 000	180 632	512 281	276 639	1 038 971	1 038 971	1 038 971	433 037	606 206	344 085
Repairs and Maintenance	81 135	102 958	64 407	109 219	164 792	164 792	164 792	108 229	114 073	120 233
Free services										
Cost of Free Basic Services provided	-	-	-	-	-	-	-	-	-	-
Revenue cost of free services provided	-	-	-	-	-	-	-	-	-	-
Households below minimum service level										
Water:	-	44	44	44	44	44	44	44	44	44
Sanitation/sewerage:	98	98	98	98	98	98	98	98	98	98
Energy:	-	-	-	-	-	-	-	-	-	-
Refuse:	-	-	-	-	-	-	-	-	-	-

1. Table A1 is a budget summary and provides a concise overview of the municipality's budget from all of the major financial perspectives (operating, capital expenditure, financial position, cash flow, and MFMA funding compliance).
2. The table provides an overview of the amounts approved by Council for operating performance, resources deployed to capital expenditure, financial position, cash and funding compliance, as well as the municipality's commitment to eliminating basic service delivery backlogs.
3. Financial management reforms emphasises the importance of the municipal budget being funded. This requires the simultaneous assessment of the Financial Performance, Financial Position and Cash Flow Budgets, along with the Capital Budget. The Budget Summary provides the key information in this regard:
 - a. The operating surplus/deficit (after Total Expenditure) is positive over the MTREF
 - b. Capital expenditure is balanced by capital funding sources, of which
 - i. Transfers recognised is reflected on the Financial Performance Budget;
 - ii. Internally generated funds are financed from a combination of the current operating surplus and accumulated cash-backed surpluses from previous years. The amount is incorporated in the Net cash from investing on the Cash Flow Budget.

1.6.2 Explanatory notes to MBRR Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)

DC33 Mopani - Table A2 Budgeted Financial Performance (revenue and expenditure by functional classification)

Functional Classification Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Revenue - Functional										
<i>Governance and administration</i>		912 989	1 158 300	1 305 779	1 507 453	1 611 434	1 611 434	1 619 461	1 899 374	2 050 815
Executive and council		-	-	-	-	-	-	-	-	-
Finance and administration		912 989	1 158 300	1 305 779	1 507 453	1 611 434	1 611 434	1 619 461	1 899 374	2 050 815
Internal audit		-	-	-	-	-	-	-	-	-
<i>Community and public safety</i>		-	-	-	-	-	-	-	-	-
Community and social services		-	-	-	-	-	-	-	-	-
Sport and recreation		-	-	-	-	-	-	-	-	-
Public safety		-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		-	-	-	-	-	-	-	-	-
Planning and development		-	-	-	-	-	-	-	-	-
Road transport		-	-	-	-	-	-	-	-	-
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		354 511	207 261	178 850	244 873	244 873	244 873	226 430	238 657	261 545
Energy sources		-	-	-	-	-	-	-	-	-
Water management		316 772	171 665	165 532	203 231	203 231	203 231	190 312	200 589	211 420
Waste water management		37 739	35 596	13 319	41 642	41 642	41 642	36 118	38 068	40 124
Waste management		-	-	-	-	-	-	-	-	-
Other	4	-	-	-	-	-	-	-	-	-
Total Revenue - Functional	2	1 267 500	1 365 561	1 484 629	1 752 327	1 856 307	1 856 307	1 845 891	2 138 031	2 302 359
Expenditure - Functional										
<i>Governance and administration</i>		95 005	197 191	260 780	268 965	316 709	316 709	321 994	320 665	323 392
Executive and council		8 087	47 644	48 641	78 093	82 703	82 703	77 671	81 865	86 286
Finance and administration		86 918	149 546	212 139	190 873	234 006	234 006	234 447	228 390	226 134
Internal audit		-	-	-	-	-	-	8 876	10 409	10 971
<i>Community and public safety</i>		65 921	107 127	103 894	113 218	109 219	109 219	143 029	151 287	159 458
Community and social services		33 832	31 322	28 301	31 711	30 302	30 302	39 507	42 544	44 843
Sport and recreation		-	-	-	-	-	-	-	-	-
Public safety		4 590	50 460	51 942	51 935	48 004	48 004	63 203	66 247	69 824
Housing		-	-	-	-	-	-	-	-	-
Health		27 499	25 345	23 651	29 573	30 913	30 913	40 319	42 496	44 791
<i>Economic and environmental services</i>		10 279	15 383	15 921	32 389	42 094	42 094	63 921	63 522	56 350
Planning and development		1 143	14 909	12 581	22 466	30 666	30 666	54 296	45 268	47 712
Road transport		9 136	474	3 340	9 923	11 428	11 428	9 623	18 254	6 635
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		914 073	744 220	845 755	810 297	790 853	790 853	899 854	887 570	926 430
Energy sources		1 404	1 369	1 127	1 516	1 029	1 029	1 709	1 801	1 898
Water management		115 656	706 102	773 521	778 852	759 895	759 895	869 845	855 224	892 076
Waste water management		797 013	36 749	72 107	29 929	29 929	29 929	28 300	30 544	32 455
Waste management		-	-	-	-	-	-	-	-	-
Other	4	-	-	-	-	-	-	-	-	-
Total Expenditure - Functional	3	1 085 278	1 063 921	1 227 349	1 224 870	1 258 875	1 258 875	1 428 798	1 423 043	1 465 630
Surplus/(Deficit) for the year		182 222	301 640	257 280	527 457	597 432	597 432	417 093	714 988	836 729

Table A2 is a view of the budgeted financial performance in relation to revenue and expenditure per standard classification. The modified GFS standard classification divides the municipal services into 15 functional areas. Municipal revenue, operating expenditure and capital expenditure are then classified in terms of each of these functional areas which enables the National Treasury to compile 'whole of government' reports.

Note the Total Revenue on this table includes capital revenues (Transfers recognised – capital) and so does not balance to the operating revenue shown on Table A4.

Note that as a general principle the revenues for the Trading Services should exceed their expenditures. The table highlights that this is not the case for Water and Sanitation. This

Mopani District Municipality 2019/2020 Final Annual Budget and MTREF

situation is due to distribution losses, debt impairment and salaries and allowances of personnel operating in rural areas where there is no billing. The tariffs for local municipalities are also not cost reflective. The revenue generated is less than the expenditure.

1.6.3 Explanatory notes to MBRR Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)

DC33 Mopani - Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)

Vote Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Revenue by Vote	1									
Vote 1 - Executive and Council/Mayor & council		-	-	-	-	-	-	-	-	-
Vote 2 - Executive & Council/Municipal Manager		-	-	-	-	-	-	-	-	-
Vote 3 - Finance & Admin/Finance		912 989	1 158 300	1 305 779	1 507 453	1 611 434	1 611 434	1 619 461	1 899 374	2 050 815
Vote 4 - Corporate Services/HR		-	-	-	-	-	-	-	-	-
Vote 5 - Finance & Admin/Other Admin		-	-	-	-	-	-	-	-	-
Vote 6 - Planning & Development/Economic		-	-	-	-	-	-	-	-	-
Vote 7 - Health/Other		-	-	-	-	-	-	-	-	-
Vote 8 - Community Services/Other Community		-	-	-	-	-	-	-	-	-
Vote 9 - Public Services/Fire		-	-	-	-	-	-	-	-	-
Vote 10 - Public Safety/Other		-	-	-	-	-	-	-	-	-
Vote 11 - Roads Transport/Roads		-	-	-	-	-	-	-	-	-
Vote 12 - Water/Water Distribution		316 772	197 193	165 532	203 231	203 231	203 231	190 312	200 589	211 420
Vote 13 - Electricity/Electricity Distribution		-	-	-	-	-	-	-	-	-
Vote 14 - Corporate Services/Information Technology		-	-	-	-	-	-	-	-	-
Vote 15 - Waste Water Management/Sewerage		37 739	40 527	13 319	41 642	41 642	41 642	36 118	38 068	40 124
Total Revenue by Vote	2	1 267 500	1 308 020	1 484 620	1 762 327	1 856 307	1 856 307	1 846 891	2 138 031	2 302 359
Expenditure by Vote to be appropriated	1									
Vote 1 - Executive and Council/Mayor & council		6 457	35 215	36 674	41 411	42 868	42 868	48 934	51 576	54 361
Vote 2 - Executive & Council/Municipal Manager		1 631	12 429	11 966	36 682	39 835	39 835	38 613	40 698	42 896
Vote 3 - Finance & Admin/Finance		35 495	38 414	85 645	83 304	78 497	78 497	101 776	107 272	113 065
Vote 4 - Corporate Services/HR		11 422	25 691	15 614	22 099	17 370	17 370	54 122	42 597	30 308
Vote 5 - Finance & Admin/Other Admin		24 618	71 045	86 708	76 132	90 029	90 029	88 001	88 483	93 261
Vote 6 - Planning & Development/Economic		1 143	14 909	12 581	22 466	17 218	17 218	31 584	21 326	22 478
Vote 7 - Health/Other		27 489	25 345	23 651	29 573	30 913	30 913	40 319	42 496	44 791
Vote 8 - Community Services/Other Community		8 062	5 341	10 938	7 264	7 231	7 231	10 363	10 923	11 513
Vote 9 - Public Services/Fire		4 590	50 480	51 942	51 935	48 004	48 004	63 203	66 247	69 824
Vote 10 - Public Safety/Other		25 760	25 981	17 362	24 447	23 072	23 072	29 144	31 621	33 330
Vote 11 - Roads Transport/Roads		9 136	474	3 340	9 923	11 428	11 428	9 623	18 254	8 638
Vote 12 - Water/Water Distribution		115 656	706 102	773 521	778 852	805 928	805 928	869 845	855 224	892 076
Vote 13 - Electricity/Electricity Distribution		1 404	1 369	1 127	1 516	1 029	1 029	1 709	1 801	1 898
Vote 14 - Corporate Services/Information Technology		15 383	14 396	24 173	9 332	15 531	15 531	13 264	13 980	14 735
Vote 15 - Waste Water Management/Sewerage		797 013	36 749	72 107	29 929	29 929	29 929	28 300	30 544	32 455
Total Expenditure by Vote	2	1 085 278	1 063 921	1 227 349	1 224 864	1 258 881	1 258 881	1 428 798	1 423 043	1 485 630
Surplus/(Deficit) for the year	2	182 222	332 099	257 280	527 463	597 426	597 426	417 093	714 988	836 729

Table A3 is a view of the budgeted financial performance in relation to the revenue and expenditure per municipal vote. This table facilitates the view of the budgeted operating performance in relation to the organisational structure of the municipality. This means it is possible to present the operating surplus or deficit of a vote.

Mopani District Municipality 2019/2020 Final Annual Budget and MTREF

1.6.4 Explanatory notes to Table A4 - Budgeted Financial Performance (revenue and expenditure)

DC33 Mopani - Table A4 Budgeted Financial Performance (revenue and expenditure)

Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19				2019/20 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
R thousand	1										
Revenue By Source											
Property rates	2	-	-	-	-	-	-	-	-	-	-
Service charges - electricity revenue	2	-	-	-	-	-	-	-	-	-	-
Service charges - water revenue	2	230 871	171 665	165 532	176 775	176 775	176 775	176 775	157 239	165 729	174 679
Service charges - sanitation revenue	2	37 739	35 596	13 319	36 518	36 518	36 518	36 518	30 400	32 042	33 772
Service charges - refuse revenue	2	-	-	-	-	-	-	-	-	-	-
Rental of facilities and equipment	-	-	54	-	-	-	-	-	-	-	-
Interest earned - external investments	-	-	-	-	-	-	-	-	-	-	-
Interest earned - outstanding debtors	85 901	-	-	39 629	31 581	31 581	31 581	31 581	38 791	40 886	43 094
Dividends received	-	-	-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits	-	-	-	-	-	-	-	-	-	-	-
Licences and permits	-	-	-	-	-	-	-	-	-	-	-
Agency services	-	-	-	-	-	-	-	-	-	-	-
Transfers and subsidies	656 590	705 950	1 254 190	858 918	858 918	858 918	858 918	858 918	925 159	1 001 141	1 089 845
Other revenue	2	14 931	11 340	11 960	94 836	96 406	96 406	96 406	22 940	24 179	25 484
Gains on disposal of PPE	-	-	-	-	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)		1 026 032	924 605	1 484 629	1 198 628	1 200 198	1 200 198	1 200 198	1 174 529	1 263 977	1 366 874
Expenditure By Type											
Employee related costs	2	297 129	367 641	376 318	411 623	367 714	367 714	367 714	451 864	481 595	513 299
Remuneration of councillors	12 396	13 297	13 179	12 308	13 378	13 378	13 378	13 378	13 396	14 320	15 309
Debt impairment	3	12 400	23 582	65 968	24 122	24 122	24 122	24 122	61 340	64 652	66 143
Depreciation & asset impairment	2	175 358	169 021	177 884	184 688	184 688	184 688	184 688	178 067	187 686	197 822
Finance charges	-	-	-	226	-	-	-	-	-	-	-
Bulk purchases	2	327 068	175 887	288 789	272 840	217 840	217 840	217 840	20 663	22 089	23 613
Other materials	8	106 068	95 296	64 407	96 469	164 792	164 792	164 792	107 705	110 100	120 333
Contracted services	32 645	10 877	68 499	18 377	22 377	22 377	22 377	22 377	287 342	278 536	240 131
Transfers and subsidies	-	-	-	1 326	-	-	-	-	-	-	-
Other expenditure	4, 5	122 214	294 483	170 755	204 444	263 965	263 965	263 965	225 428	240 982	257 610
Loss on disposal of PPE	-	-	-	-	-	-	-	-	-	-	-
Total Expenditure		1 085 278	1 150 085	1 227 349	1 224 870	1 258 875	1 258 875	1 258 875	1 345 805	1 399 960	1 436 260
Surplus/(Deficit)		(59 247)	(225 480)	257 280	(26 242)	(58 678)	(58 678)	(58 678)	(171 276)	(135 984)	(69 386)
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	241 468	440 956	-	553 699	656 110	656 110	656 110	656 110	596 866	795 535	852 726
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Transfers and subsidies - capital (in-kind - all)	6	-	-	-	-	-	-	-	-	3 855	-
Surplus/(Deficit) after capital transfers & contributions		182 222	215 476	257 280	527 457	597 432	597 432	597 432	425 580	663 406	783 340
Taxation	-	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after taxation		182 222	215 476	257 280	527 457	597 432	597 432	597 432	425 580	663 406	783 340
Attributable to minorities	-	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) attributable to municipality		182 222	215 476	257 280	527 457	597 432	597 432	597 432	425 580	663 406	783 340
Share of surplus/ (deficit) of associate	7	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year		182 222	215 476	257 280	527 457	597 432	597 432	597 432	425 580	663 406	783 340

Total revenue excluding capital transfers is R1 249 052 250 in 2019/2020 and escalates to R1 342 524 235 and R1 449 663 211 by 2020/21 and 2021/2021 respectively. Transfers recognised – operating includes the local government equitable share and other operating grants from national and provincial government.

The main component of the total revenue is grant and subsidies amounting to

R1 522 025 000; R1 796 676 000 and R 1942 571 000 for the financial years 2019/2020,

2020/2021 and 2021/2022 respectively. The other revenue component is Service charges for water & sanitation amount to R226 429 876; R238 657 089 and R 251 544 572 for the financial years 2019/2020, 2020/2021 and 2021/2022 respectively.

The total operating expenditure is projected to be R1 345 805 012 in 2019/20, R 1 399 960 376 and R 1 436 259 614 in the 2020/21 and 2021/22 financial years. The finance charges constitute of interest paid and bank charges.

1.6.5 Explanatory notes to Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source

Vote Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19				2019/20 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
R thousand	1										
Capital expenditure - Vote											
Multi-year expenditure to be appropriated	2										
Vote 1 - Executive and Council/Mayor & council		-	-	-	-	-	-	-	-	-	-
Vote 2 - Executive & Council/Municipal Manager		-	-	-	-	-	-	-	-	-	-
Vote 3 - Finance & Admin/Finance		-	250	-	-	-	-	-	-	-	-
Vote 4 - Corporate Services/HR		-	-	-	-	-	-	-	-	-	-
Vote 5 - Finance & Admin/Other Admin		-	166	-	2 207	2 207	2 207	2 207	12 750	21 062	9 243
Vote 6 - Planning & Development/Economic		-	-	-	-	-	-	-	-	-	-
Vote 7 - Health/Other		-	-	-	-	-	-	-	-	-	-
Vote 8 - Community Services/Other Community		-	60	-	-	-	-	-	-	-	-
Vote 9 - Public Services/Fire		2 800	4 350	801	18 500	18 500	18 500	18 500	9 900	23 750	17 120
Vote 10 - Public Safety/Other		-	500	-	600	600	600	600	1 150	1 430	1 070
Vote 11 - Roads Transport/Roads		-	-	-	-	-	-	-	-	-	-
Vote 12 - Water/Water Distribution		182 573	282 475	243 274	107 000	196 018	196 018	196 018	-	-	-
Vote 13 - Electricity/Electricity Distribution		-	-	-	-	-	-	-	-	-	-
Vote 14 - Corporate Services/Information Technology		3 550	1 700	-	1 310	980	980	980	500	500	254
Vote 15 - Waste Water Management/Sewerage		15 300	-	7 738	-	(2 500)	(2 500)	(2 500)	102 415	70 820	123 092
Capital multi-year expenditure sub-total	7	204 223	289 501	251 814	129 617	215 805	215 805	215 805	126 715	117 562	150 779
Single-year expenditure to be appropriated	2										
Vote 1 - Executive and Council/Mayor & council		-	-	-	-	-	-	-	-	-	-
Vote 2 - Executive & Council/Municipal Manager		-	-	-	-	-	-	-	-	-	-
Vote 3 - Finance & Admin/Finance		-	250	2 194	3 250	3 500	3 500	3 500	2 700	-	-
Vote 4 - Corporate Services/HR		-	-	-	-	-	-	-	-	-	-
Vote 5 - Finance & Admin/Other Admin		-	1 450	-	4 000	4 000	4 000	4 000	1 300	2 000	-
Vote 6 - Planning & Development/Economic		-	-	-	-	-	-	-	-	-	-
Vote 7 - Health/Other		-	-	-	-	-	-	-	-	-	-
Vote 8 - Community Services/Other Community		-	-	-	-	-	-	-	-	-	-
Vote 9 - Public Services/Fire		-	500	-	100	100	100	100	1 500	10 000	-
Vote 10 - Public Safety/Other		-	-	-	-	-	-	-	-	-	-
Vote 11 - Roads Transport/Roads		-	-	-	-	-	-	-	-	-	-
Vote 12 - Water/Water Distribution		41 693	127 450	210 040	444 492	465 454	465 454	465 454	434 416	612 407	520 379
Vote 13 - Electricity/Electricity Distribution		-	-	-	-	-	-	-	-	-	-
Vote 14 - Corporate Services/Information Technology		3 800	1 600	476	-	-	-	-	2 650	-	-
Vote 15 - Waste Water Management/Sewerage		21 459	29 084	77 174	-	33 324	33 324	33 324	-	-	-
Capital single-year expenditure sub-total		66 952	160 334	289 884	451 842	506 378	506 378	506 378	442 766	624 407	520 379
Total Capital Expenditure - Vote		271 175	449 835	541 698	581 459	722 183	722 183	722 183	569 480	741 970	671 158
Capital Expenditure - Functional											
Governance and administration		61 028	5 416	2 670	8 560	8 480	8 480	8 480	8 700	18 562	3 497
Executive and council		-	-	-	-	-	-	-	-	-	-
Finance and administration		1 200	500	2 670	8 560	8 480	8 480	8 480	8 700	18 562	3 497
Internal audit		59 828	4 916	-	-	-	-	-	-	-	-
Community and public safety		5 050	5 410	801	19 200	19 200	19 200	19 200	23 950	40 180	24 190
Community and social services		-	60	-	-	-	-	-	-	-	-
Sport and recreation		-	-	-	-	-	-	-	-	-	-
Public safety		5 050	5 350	801	19 200	19 200	19 200	19 200	23 950	40 180	24 190
Housing		-	-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-	-
Economic and environmental services											
Planning and development		-	-	-	-	-	-	-	-	-	-
Road transport		-	-	-	-	-	-	-	-	-	-
Environmental protection		-	-	-	-	-	-	-	-	-	-
Trading services		205 097	439 009	538 227	553 699	694 473	694 473	694 473	536 830	683 227	643 472
Energy sources		-	-	-	-	-	-	-	-	-	-
Water management		182 573	409 925	453 314	488 699	663 649	663 649	663 649	434 416	612 407	520 379
Waste water management		22 525	29 084	84 912	65 000	30 824	30 824	30 824	102 415	70 820	123 092
Waste management		-	-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-	-
Total Capital Expenditure - Functional	3	271 175	449 835	541 698	581 459	722 153	722 153	722 153	569 480	741 970	671 158
Funded by:											
National Government		205 097	441 507	538 227	553 699	694 473	694 473	694 473	536 830	683 227	643 472
Provincial Government		-	-	-	-	-	-	-	-	-	-
District Municipality		-	-	-	-	-	-	-	-	-	-
Other transfers and grants		-	-	-	-	-	-	-	-	-	-
Transfers recognised - capital	4	205 097	441 507	538 227	553 699	694 473	694 473	694 473	536 830	683 227	643 472
Borrowing	6	-	-	-	-	-	-	-	-	-	-
Internally generated funds		66 078	8 328	3 472	27 760	27 680	27 680	27 680	32 650	58 742	27 687
Total Capital Funding	7	271 175	449 835	541 698	581 459	722 153	722 153	722 153	569 480	741 970	671 158

1.6.6

Mopani District Municipality 2019/2020 Final Annual Budget and MTREF

Table A5 is a breakdown of the Capital programme in relation to capital expenditure by municipal vote (multi-year and single-year appropriations); capital expenditure by standard classification; and the funding sources necessary to fund the capital budget, including information on capital transfers from national and provincial departments.

The MFMA provides that a municipality may approve multi-year or single-year capital budget appropriations. In relation to multi-year appropriations, for 2019/2020 R 584 230 250 has been allocated.

1.6.7 Explanatory notes to Table A6 - Budgeted Financial Position

DC33 Mopani - Table A6 Budgeted Financial Position

Description		Ref	2015/16	2016/17	2017/18	Current Year 2018/19				2019/20 Medium Term Revenue & Expenditure Framework		
R thousand			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
ASSETS												
Current assets												
Cash			109 358	16 545	131 304	7 752	7 752	7 752	7 752	8 156	8 596	9 060
Call investment deposits		1	-	-	-	-	-	-	-	-	-	-
Consumer debtors		1	552 632	298 579	73 022	298 579	298 579	298 579	298 579	314 105	331 066	348 944
Other debtors			146 774	338 753	332 770	338 753	338 753	338 753	338 753	356 368	375 612	395 895
Current portion of long-term receivables			158 453	11 304	11 304	11 304	11 304	11 304	11 304	11 892	12 534	13 211
Inventory		2	23 653	15 549	14 175	15 549	15 549	15 549	15 549	16 357	17 241	18 172
Total current assets			990 871	680 729	551 271	671 937	671 937	671 937	671 937	706 878	745 049	785 282
Non current assets												
Long term receivables			-	-	-	-	-	-	-	-	-	-
Investments			-	-	-	-	-	-	-	-	-	-
Investment property			-	-	-	-	-	-	-	-	-	-
Investment in Associate			-	-	-	-	-	-	-	-	-	-
Property, plant and equipment		3	4 707 900	4 802 348	5 169 975	4 802 348	4 802 348	4 802 348	4 802 348	5 052 070	5 324 882	5 612 426
Biological			-	-	-	-	-	-	-	-	-	-
Intangible			9 100	10 242	7 187	10 242	10 242	10 242	10 242	10 775	11 358	11 970
Other non-current assets			448	432	448	432	432	432	432	454	479	505
Total non current assets			4 717 448	4 813 022	5 177 610	4 813 022	4 813 022	4 813 022	4 813 022	5 063 299	5 336 718	5 624 900
TOTAL ASSETS			5 708 318	5 493 752	5 728 881	5 484 959	5 484 959	5 484 959	5 484 959	5 770 177	6 081 766	6 410 182
LIABILITIES												
Current liabilities												
Bank overdraft		1	-	-	-	-	-	-	-	-	-	-
Borrowing		4	-	1 061	3 368	1 061	1 061	1 061	1 061	1 116	1 177	1 240
Consumer deposits			6 364	4 675	4 352	4 675	4 675	4 675	4 675	4 918	5 183	5 463
Trade and other payables		4	1 246 283	531 127	1 722 395	531 127	531 127	531 127	531 127	558 746	588 918	620 720
Provisions			47 789	5 588	-	5 588	5 588	5 588	5 588	5 879	6 196	6 531
Total current liabilities			1 300 435	542 451	1 730 115	542 451	542 451	542 451	542 451	570 659	601 474	633 954
Non current liabilities												
Borrowing			-	-	-	-	-	-	-	-	-	-
Provisions			78 700	57 937	108 235	57 937	57 937	57 937	57 937	60 949	64 241	67 710
Total non current liabilities			78 700	57 937	108 235	57 937	57 937	57 937	57 937	60 949	64 241	67 710
TOTAL LIABILITIES			1 379 135	600 388	1 838 350	600 388	600 388	600 388	600 388	631 608	665 715	701 664
NET ASSETS		5	4 329 183	4 893 363	3 890 531	4 884 571	4 884 571	4 884 571	4 884 571	5 138 569	5 416 051	5 708 518
COMMUNITY WEALTH/EQUITY												
Accumulated Surplus/(Deficit)		4	4 329 183	4 893 363	3 890 531	4 884 571	4 884 571	4 884 571	4 884 571	5 138 569	5 416 051	5 708 518
Reserves		4	-	-	-	-	-	-	-	-	-	-
TOTAL COMMUNITY WEALTH/EQUITY		5	4 329 183	4 893 363	3 890 531	4 884 571	4 884 571	4 884 571	4 884 571	5 138 569	5 416 051	5 708 518

Table A6 is consistent with international standards of good financial management practice, and improves understandability for councilors and management of the impact of the budget on the statement of financial position (balance sheet).

This format of presenting the statement of financial position is aligned to GRAP1, which is generally aligned to the international version which presents Assets less Liabilities as

“accounting” Community Wealth. The order of items within each group illustrates items in order of liquidity; i.e. assets readily converted to cash, or liabilities immediately required to be met from cash, appear first.

Table SA3 provides a detailed analysis of the major components of budgeted financial position items, including:

- Property, plant and equipment;
- Trade and other payables;
- Changes in net assets; and

The following are the strategies of the municipality in light of the presented financial position as well as revenue and expenditure above:

- Engage creditors such as Lepelle Northern Water and Department of Water Affairs on better repayment terms, that will simultaneously allow the municipality to expedite the settlement of its debts
- Take over the water and sanitation function from the local municipalities with the aim of enhance cash flow position and hence financial position.
- To strictly apply the cost containment measures with the aim of reducing expenditure thereby improving financial performance.

1.6.8. Explanatory notes to Table A7 - Budgeted Cash Flow Statement

Mopani District Municipality 2019/2020 Final Annual Budget and MTREF

DC33 Mopani - Table A7 Budgeted Cash Flows

Description		Ref	2015/16	2016/17	2017/18	Current Year 2018/19				2019/20 Medium Term Revenue & Expenditure Framework		
R thousand			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
CASH FLOW FROM OPERATING ACTIVITIES												
Receipts												
	Property rates		-	-	-	-	-	-	-	-	-	-
	Service charges		-	-	-	-	-	-	-	-	-	-
	Other revenue		904	894	195 134	87 406	87 406	87 406	87 406	22 940	24 179	25 484
	Government - operating	1	656 590	705 950	772 495	858 918	858 918	858 918	858 918	925 159	1 001 141	1 089 845
	Government - capital	1	241 468	440 956	544 950	553 699	655 299	655 299	655 299	596 639	795 507	852 696
	Interest		11 790	10 300	4 345	38 081	8 000	8 000	8 000	-	-	-
	Dividends		-	-	-	-	-	-	-	-	-	-
Payments												
	Suppliers and employees		(642 234)	(708 969)	(929 606)	(1 016 060)	(1 056 804)	(1 056 804)	(1 056 804)	(1 113 012)	(1 149 062)	(1 165 898)
	Finance charges		(1 843)	-	(306)	-	-	-	-	-	-	-
	Transfers and Grants	1	-	-	-	-	-	-	-	-	-	-
NET CASH FROM/(USED) OPERATING ACTIVITIES			266 675	449 131	587 013	522 044	552 819	552 819	552 819	431 927	671 765	802 128
CASH FLOWS FROM INVESTING ACTIVITIES												
Receipts												
	Proceeds on disposal of PPE		-	-	-	-	-	-	-	-	-	-
	Decrease (increase) in non-current debtors		-	-	-	-	-	-	-	-	-	-
	Decrease (increase) other non-current receivables		-	-	-	-	-	-	-	84 496	89 059	93 668
	Decrease (increase) in non-current investments		-	-	-	-	-	-	-	-	-	-
Payments												
	Capital assets		(271 652)	(449 284)	(460 822)	(615 241)	(722 057)	(722 057)	(722 057)	(569 480)	(741 970)	(671 158)
NET CASH FROM/(USED) INVESTING ACTIVITIES			(271 652)	(449 284)	(460 822)	(615 241)	(722 057)	(722 057)	(722 057)	(484 984)	(652 910)	(577 290)
CASH FLOWS FROM FINANCING ACTIVITIES												
Receipts												
	Short term loans		-	-	-	-	-	-	-	-	-	-
	Borrowing long term/refinancing		-	-	-	-	-	-	-	-	-	-
	Increase (decrease) in consumer deposits		-	-	-	-	-	-	-	-	-	-
Payments												
	Repayment of borrowing		-	-	-	-	-	-	-	-	-	-
NET CASH FROM/(USED) FINANCING ACTIVITIES			-	-	-	-	-	-	-	-	-	-
NET INCREASE/ (DECREASE) IN CASH HELD			(4 977)	(153)	125 191	(93 197)	(169 238)	(169 238)	(169 238)	(53 057)	18 855	224 838
	Cash/cash equivalents at the year begin:	2	114 327	109 358	7 761	7 752	7 752	7 752	7 752	131 304	78 247	97 101
	Cash/cash equivalents at the year end:	2	109 350	109 204	133 952	(85 445)	(161 485)	(161 485)	(161 485)	78 247	97 101	321 939

The budgeted cash flow statement is the first measurement in determining if the budget is funded.

It shows the expected level of cash in-flow versus cash out-flow that is likely to result from the implementation of the budget.

Cash and cash equivalents totals for 2019/2020 amounts to R 78 247 000.

1.6.9 Explanatory notes to Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation

DC33 Mopani - Table A8 Cash backed reserves/accumulated surplus reconciliation

2018/19/20: Table A: Cash backed reserves/accumulated surplus/reconciliation											
Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19				2019/20 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
R thousand											
Cash and investments available											
Cash/cash equivalents at the year end	1	109 350	223 740	133 952	128 848	52 807	52 807	52 807	74 016	168 335	391 884
Other current investments > 90 days		8	(207 195)	(2 648)	(121 096)	(45 055)	(45 055)	(45 055)	(65 860)	(159 739)	(382 824)
Non current assets - investments	1	-	-	-	-	-	-	-	-	-	-
Cash and investments available:		109 358	16 545	131 304	7 752	7 752	7 752	7 752	8 156	8 596	9 060
Application of cash and investments											
Unspent conditional transfers		76 199	-	-	-	-	-	-	-	-	-
Unspent borrowing		-	-	-	-	-	-	-	-	-	-
Statutory requirements	2	-	-	-	-	-	-	-	(500 000)	(500 000)	(500 000)
Other working capital requirements	3	1 168 317	178 043	1 370 469	(45 934)	(45 813)	(45 813)	(45 813)	370 446	390 450	411 535
Other provisions		-	-	-	6 300	-	-	-	-	-	-
Long term investments committed	4	-	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments	5	-	-	-	-	-	-	-	-	-	-
Total Application of cash and investments:		1 244 516	178 043	1 370 469	(39 634)	(45 813)	(45 813)	(45 813)	(129 554)	(109 550)	(88 465)
Surplus/(shortfall)		(1 135 158)	(161 498)	(1 239 166)	47 386	53 565	53 565	53 565	137 710	118 146	97 525

The cash backed reserves/accumulated surplus reconciliation is aligned to the requirements of MFMA Circular 42 – Funding a Municipal Budget.

In essence the table evaluates the funding levels of the budget by firstly forecasting the cash and investments at year end and secondly reconciling the available funding to the liabilities/commitments that exist.

The outcome of this exercise would either be a surplus or deficit. A deficit would indicate that the applications exceed the cash and investments available and would be indicative of non-compliance with the MFMA requirements that the municipality's budget must be "funded".

Non-compliance with section 18 of the MFMA is assumed because a shortfall would indirectly indicate that the annual budget is not appropriately funded.

As indicated in Table SA 10, the Mopani District Municipality's budget is fully funded for the 2017/2018 financial year

1.6.10 Explanatory notes to Table A9 - Asset Management

Mopani District Municipality 2019/2020 Final Annual Budget and MTREF

DC33 Mopani - Table A9 Asset Management

Description		Ref	2016/18	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
R thousands			Approved Outcome	Approved Outcome	Approved Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year 2020/21	Budget Year 2021/22
CAPITAL EXPENDITURE											
Total New Assets											
1	Road Infrastructure		171 676	369 819	265 558	430 040	202 697	202 697	367 712	967 962	463 737
	Storm water Infrastructure		-	-	-	-	-	-	-	-	-
	Electrical Infrastructure		-	-	-	-	-	-	-	-	-
	Water Supply Infrastructure		140 561	326 065	207 816	420 080	184 637	184 637	235 703	362 050	365 600
	Sewerage Infrastructure		10 549	25 084	15 071	-	-	-	44 400	52 808	91 000
	Solid Waste Infrastructure		-	-	-	-	-	-	-	-	-
	Rail Infrastructure		-	-	-	-	-	-	-	-	-
	Coastal Infrastructure		-	-	-	-	-	-	-	-	-
	Information and Communication Infrastructure		-	-	-	-	-	-	-	-	-
	Infrastructure		170 900	359 969	252 628	420 080	184 637	184 637	340 112	920 590	458 600
	Community Facilities		-	-	-	-	-	-	-	-	-
	Sport and Recreation Facilities		-	-	-	-	-	-	-	-	-
	Community Assets		-	-	-	-	-	-	-	-	-
	Heritage Assets		-	-	-	-	-	-	-	-	-
	Revenue Generating		-	-	-	-	-	-	-	-	-
	Non-revenue Generating		-	-	-	-	-	-	-	-	-
	Investment properties		-	-	-	-	-	-	-	-	-
	Operational Buildings		-	-	-	-	-	-	-	10 000	-
	Housing		-	-	-	-	-	-	-	10 000	-
	Other Assets		-	-	-	-	-	-	-	-	-
	Biological or Cultivated Assets		-	-	-	-	-	-	-	-	-
	Services		-	-	-	-	-	-	-	-	-
	Intangible Assets		-	-	-	-	-	-	-	-	-
	Computer Equipment		25	1 080	470	1 210	1 310	1 310	4 700	600	2 243
	Furniture and Office Equipment		780	1 780	440	-	-	-	2 900	6 062	3 265
	Machinery and Equipment		-	-	-	10 000	10 000	10 000	4 000	4 000	-
	Transport Assets		-	550	1 704	6 750	6 750	6 750	16 800	32 000	18 750
	Land		-	-	-	-	-	-	-	-	-
	Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-
Total Renewal of Existing Assets											
2	Road Infrastructure		90 000	90 316	266 140	136 310	810 428	-	216 618	303 103	172 042
	Storm water Infrastructure		-	-	-	-	-	-	-	-	-
	Electrical Infrastructure		-	-	-	-	-	-	-	-	-
	Water Supply Infrastructure		61 424	67 527	245 858	102 710	433 567	-	207 789	281 753	141 552
	Sewerage Infrastructure		18 070	22 763	9 483	-	-	-	3 079	35 000	30 000
	Solid Waste Infrastructure		-	-	-	-	-	-	-	-	-
	Rail Infrastructure		-	-	-	-	-	-	-	-	-
	Coastal Infrastructure		-	-	-	-	-	-	-	-	-
	Information and Communication Infrastructure		-	-	-	-	-	-	-	-	-
	Infrastructure		82 500	90 316	255 340	102 710	433 567	-	211 468	298 753	171 552
	Community Facilities		-	-	-	-	-	-	-	-	-
	Sport and Recreation Facilities		-	-	-	-	-	-	-	-	-
	Community Assets		-	-	-	-	-	-	-	-	-
	Heritage Assets		-	-	-	-	-	-	-	-	-
	Revenue Generating		-	-	-	-	-	-	-	-	-
	Non-revenue Generating		-	-	-	-	-	-	-	-	-
	Investment properties		-	-	-	-	-	-	-	-	-
	Operational Buildings		-	-	601	-	-	4 100	2 000	3 000	-
	Housing		-	-	-	-	-	-	-	-	-
	Other Assets		-	-	601	-	-	4 100	2 000	2 000	-
	Biological or Cultivated Assets		-	-	-	-	-	-	-	-	-
	Services		-	-	-	-	-	-	-	-	-
	Intangible Assets		-	-	-	-	-	-	-	-	-
	Computer Equipment		-	-	-	-	-	-	-	-	-
	Furniture and Office Equipment		-	-	-	-	-	76 316	860	10 000	10 000
	Machinery and Equipment		-	-	-	900	600	900	3 000	3 000	250
	Transport Assets		-	-	-	5 150	5 150	5 150	2 800	2 800	-
	Land		-	-	-	-	-	-	-	-	-
	Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-
Total Upgrading of Existing Assets											
3	Road Infrastructure		-	-	-	-	-	-	-	-	-
	Storm water Infrastructure		-	-	-	-	-	-	-	-	-
	Electrical Infrastructure		-	-	-	-	-	-	-	-	-
	Water Supply Infrastructure		-	-	-	-	-	-	-	-	-
	Sewerage Infrastructure		-	-	-	-	-	-	-	-	-
	Solid Waste Infrastructure		-	-	-	-	-	-	-	-	-
	Rail Infrastructure		-	-	-	-	-	-	-	-	-
	Coastal Infrastructure		-	-	-	-	-	-	-	-	-
	Information and Communication Infrastructure		-	-	-	-	-	-	-	-	-
	Infrastructure		-	-	-	-	-	-	-	-	-
	Community Facilities		-	-	-	-	-	-	-	-	-
	Sport and Recreation Facilities		-	-	-	-	-	-	-	-	-
	Community Assets		-	-	-	-	-	-	-	-	-
	Heritage Assets		-	-	-	-	-	-	-	-	-
	Revenue Generating		-	-	-	-	-	-	-	-	-
	Non-revenue Generating		-	-	-	-	-	-	-	-	-
	Investment properties		-	-	-	-	-	-	-	-	-
	Operational Buildings		-	-	-	-	-	-	-	-	-
	Housing		-	-	-	-	-	-	-	-	-
	Other Assets		-	-	-	-	-	-	-	-	-
	Biological or Cultivated Assets		-	-	-	-	-	-	-	-	-
	Services		-	-	-	-	-	-	-	-	-
	Intangible Assets		-	-	-	-	-	-	-	-	-
	Computer Equipment		-	-	-	-	-	-	-	-	-
	Furniture and Office Equipment		-	-	-	-	-	-	-	-	-
	Machinery and Equipment		-	-	-	-	-	-	-	-	-
	Transport Assets		-	-	-	-	-	-	-	-	-
	Land		-	-	-	-	-	-	-	-	-
	Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-
Total Capital Expenditure											
4	Road Infrastructure		271 179	449 836	641 696	877 359	722 183	302 697	884 230	661 085	850 779
	Storm water Infrastructure		-	-	-	-	-	-	-	-	-
	Electrical Infrastructure		-	-	-	-	-	-	-	-	-
	Water Supply Infrastructure		241 976	334 112	613 872	583 699	610 204	164 637	603 402	514 742	607 002
	Sewerage Infrastructure		20 426	51 673	24 864	-	-	-	48 056	67 605	121 000
	Solid Waste Infrastructure		-	-	-	-	-	-	-	-	-
	Rail Infrastructure		-	-	-	-	-	-	-	-	-
	Coastal Infrastructure		-	-	-	-	-	-	-	-	-
	Information and Communication Infrastructure		-	-	-	-	-	-	-	-	-
	Infrastructure		270 490	449 836	613 872	583 699	610 204	164 637	603 402	514 742	607 002
	Community Facilities		-	-	-	-	-	-	-	-	-
	Sport and Recreation Facilities		-	-	-	-	-	-	-	-	-
	Community Assets		-	-	-	-	-	-	-	-	-
	Heritage Assets		-	-	-	-	-	-	-	-	-
	Revenue Generating		-	-	-	-	-	-	-	-	-
	Non-revenue Generating		-	-	-	-	-	-	-	-	-
	Investment properties		-	-	-	-	-	-	-	-	-
	Operational Buildings		-	-	-	-	-	-	-	-	-
	Housing		-	-	-	-	-	-	-	-	-
	Other Assets		-	-	601	-	-	4 100	2 000	13 000	-
	Biological or Cultivated Assets		-	-	-	-	-	-	-	-	-
	Services		-	-	-	-	-	-	-	-	-
	Intangible Assets		-	-	-	-	-	-	-	-	-
	Computer Equipment		-	-	-	-	-	-	-	-	-
	Furniture and Office Equipment		28	1 800	478	1 210	1 310	1 310	4 700	600	2 243
	Computer Equipment		780	1 780	440	-	-	-	2 900	6 062	3 265
	Machinery and Equipment		-	-	-	10 000	10 000	10 000	7 820	4 000	1 000
	Transport Assets		-	550	1 704	11 850	11 850	6 750	16 800	32 000	18 750
	Land		-	-	-	-	-	-	-	-	-
	Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-
Total Capital Expenditure Summary - PPE (WOW)											
5	Road Infrastructure		271 179	449 836	641 696	877 359	722 183	302 697	884 230	661 085	850 779
	Storm water Infrastructure		-	-	-	-	-	-	-	-	-
	Electrical Infrastructure		-	-	-	-	-	-	-	-	-
	Water Supply Infrastructure		241 976	334 112	613 872	583 699	610 204	164 637	603 402	514 742	607 002
	Sewerage Infrastructure		20 426	51 673	24 864	-	-	-	48 056	67 605	121 000
	Solid Waste Infrastructure		-	-	-	-	-	-	-	-	-
	Rail Infrastructure		-	-	-	-	-	-	-	-	-
	Coastal Infrastructure		-	-	-	-	-	-	-	-	-
	Information and Communication Infrastructure		-	-	-	-	-	-	-	-	-
	Infrastructure		270 490	449 836	613 872	583 699	610 204	164 637	603 402	514 742	607 002
	Community Facilities		-	-	-	-	-	-	-	-	-
	Sport and Recreation Facilities		-	-	-	-	-	-	-	-	-
	Community Assets		-	-	-	-	-	-	-	-	-
	Heritage Assets		-	-	-	-	-	-	-	-	-
	Revenue Generating		-	-	-	-	-	-	-	-	-
	Non-revenue Generating		-	-	-	-	-	-	-	-	-
	Investment properties		-	-	-	-	-	-	-	-	-
	Operational Buildings		-	-	-	-	-	-	-	-	-
	Housing		-	-	-	-	-	-	-	-	-
	Other Assets		-	-	601	-	-	4 100	2 000	13	

Mopani District Municipality 2019/2020 Final Annual Budget and MTREF

Table A9 provides an overview of municipal capital allocations to building new assets and the renewal of existing assets, as well as spending on repairs and maintenance by asset class. An amount of R367 711 798 will be spent on new assets in the 2019/2020 financial year while an amount of R 216 518 452 will be spent on renewal of existing assets.

1.6.10 Explanatory notes to Table A10 - Basic Service Delivery Measurement

DC33 Mopani - Table A10 Basic service delivery measurement

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
		Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Household service targets	1									
Water:										
Piped water inside dwelling		155 022	155 022	151 520	149 769	149 769	149 769	149 769	149 769	149 769
Piped water inside yard (but not in dwelling)		218 282	218 282	271 622	298 302	298 302	298 302	298 302	298 302	298 302
Using public tap (at least min.service level)	2	328 023	328 023	109 341	-	-	-	-	-	-
Other water supply (at least min.service level)	4	87 654	87 654	96 764	101 319	101 319	101 319	101 319	101 319	101 319
<i>Minimum Service Level and Above sub-total</i>		788 961	788 961	629 247	549 390	549 390	549 390	549 390	549 390	549 390
Using public tap (< min.service level)	3	-	-	-	-	-	-	-	-	-
Other water supply (< min.service level)	4	-	-	43 935	131 805	131 265	131 265	131 265	131 265	131 805
No water supply		4 606	-	-	-	-	-	-	-	-
<i>Below Minimum Service Level sub-total</i>		4 606	-	43 935	131 805	131 265	131 265	131 265	131 265	131 805
Total number of households	5	793 567	788 961	673 182	681 195	680 635	680 635	680 635	680 635	681 195
Sanitation/sewerage:										
Flush toilet (connected to sewerage)		128 241	128 241	136 431	140 526	140 526	140 526	140 526	140 526	140 526
Flush toilet (with septic tank)		17 964	17 964	20 218	21 345	21 345	21 345	21 345	21 345	21 345
Chemical toilet		1 662	1 662	6 870	9 474	9 474	9 474	9 474	9 474	9 474
Pit toilet (ventilated)		85 560	85 560	142 942	171 633	171 633	171 633	171 633	171 633	171 633
Other toilet provisions (> min.service level)		382 881	382 881	402 923	412 944	412 944	412 944	412 944	412 944	412 944
<i>Minimum Service Level and Above sub-total</i>		616 308	616 308	709 384	755 922	755 922	755 922	755 922	755 922	755 922
Bucket toilet		-	-	1 099	3 297	3 297	3 297	3 297	3 297	3 297
Other toilet provisions (< min.service level)		179 559	179 559	179 559	179 559	179 559	179 559	179 559	179 559	179 559
No toilet provisions		-	-	37 067	111 201	111 201	111 201	111 201	111 201	111 201
<i>Below Minimum Service Level sub-total</i>		179 559	179 559	217 725	294 057	294 057	294 057	294 057	294 057	294 057
Total number of households	5	795 867	795 867	927 109	1 049 979	1 049 979	1 049 979	1 049 979	1 049 979	1 049 979

Table A10 provides an overview of service delivery levels, including backlogs (below minimum service level), for each of the main services.

As indicated in the Mayor's Report, the Municipality continues to make good progress with the eradication of backlogs with sanitation backlog being targeted. The new statics information shows that the households have increased with around 25 percent from the previous statistics, hence the increase in backlogs.

1.6.11 Amendments to the policies

No amendments were effected to the budget related policies

2 Part 2 – Supporting Documentation

2.1 Overview of the annual budget process

Section 53 of the MFMA requires the Mayor of the municipality to provide general political guidance in the budget process and the setting of priorities that must guide the preparation of the budget. In addition Chapter 2 of the Municipal Budget and Reporting Regulations states that the Mayor of the municipality must establish a Budget Steering Committee to provide technical assistance to the Mayor in discharging the responsibilities set out in section 53 of the Act.

The Budget Steering Committee consists of the Municipal Manager and senior officials of the municipality meeting under the chairpersonship of the Head of Finance Portfolio Committee.

The primary aims of the Budget Steering Committee are to ensure:

- that the process followed to compile the budget complies with legislation and good budget practices;
- that there is proper alignment between the policy and service delivery priorities set out in the municipality's IDP and the budget, taking into account the need to protect the financial sustainability of municipality;
- that the municipality's revenue and tariff setting strategies ensure that the cash resources needed to deliver services are available; and
- that the various spending priorities of the different municipal departments are properly evaluated and prioritised in the allocation of resources.

2.1.1 Budget Process Overview

In terms of section 21 of the MFMA the Mayor is required to table in Council ten months before the start of the new financial year (i.e. in July 2018) a time schedule that sets out the process to revise the IDP and prepare the budget.

The first IDP Review Framework and the Process Plan that ushered in the current Council were approved by the then Mopani District Council on 31 May 2018. Broadly, Municipalities (including the District) did not fully adhere to the IDP Review Framework and process plans due to number of processes to get Councils fully functional through established council committees. These were also met with the usual service delivery challenges which would not be postponed. To-date, great improvement has been noted. Mopani District municipality managed to go through IDP/Budget Strategic planning session as facilitated by service provider on 13 – 14 December 2018. On 29th February 2019 Mopani District held IDP Lekgotla to concretise the developmental strategies. On 4-5 February 2019 MDM family of municipalities had engagement session with sector departments to discuss the strategies that deal with issues raised. On 22 March 2019 the District finalized Strategies and Projects phase through the IDP Rep forum

The activities that transpired during the latest Mopani IDP/Budget review process:

2018/19 IDP Review Actual Activities		
Phase	Activities and purpose	Date
Preparatory	IDP Technical Committee: Preparatory phase	15/6/2018
	ISCO/MANCO: Preparatory phase	18/7/2018
	IDP Rep Forum: Preparatory phase	20/7/2018
Performance	Council sitting: Adoption of IDP Framework, Process plan & Code of conduct	31/07/2018
	ISCO/MANCO: Performance analysis	18/9/2018
	IDP Rep. Forum: Performance Analysis	28/9/2018
Analysis	IDP Engagement session: IDP Analysis phase & Performance Analysis	11/9/2018
	ISCO IDP Analysis phase & Performance Analysis	9/10/2018
	IDP Rep. Forum: Analysis phase	2/11/2018
Strategies	ISCO/ MANCO: Preparation of Strategic planning session..... planning	31/10/2018
	Strategic Planning session	13-14/12/2018
	Municipal Manager's forum	21/1/2019
	IDP Lekgotla	29/1/2019
	IDP Engagement Session: Strategies and Projects	4-5/2/2019
	IDP Rep. Forum: Strategies and projects	5/3/2019

Mopani District Municipality 2019/2020 Final Annual Budget and MTREF

Projects	IDP Rep Forum: IDP projects phase	22/3/2019
	Budget Steering Committee: Projects & Budget	26/3/2019
Approval	Mayoral committee: Draft IDP and Budget	28/03/2019
	Council sitting: Approval of draft IDP/Budget 2019/20	29/3/ 2019
	<i>Publication of draft IDP/Budget documents in Local Newspapers, calling for public comments</i>	6 April – 22 May 2019
	Public participation on draft IDP/Budget (Municipal governance meet communities)	25 April – 22 May 2019
	ISCO/MANCO consider effecting changes to draft IDP/Budget as per public/ community inputs.	15/05/2019
	Mayor's IDP session noted the draft IDP 2019/20	17/05/2019
	IDP Rep Forum: Consider final draft IDP/Budget & Public participation report	21/05/2019
	Mayoral Committee: Final IDP/Budget 2019/20	29/05/2019
	Council sitting: Adoption of final IDP/Budget 2019/20	30/5/2019
	Submission of IDP to the MEC for COGHSTA & Provincial Treasury	9/6/2019
	Publication of the adopted IDP/ Budget 2019/20	13/6/2019
	IDP Steering committee: SDBIP and Process plan for 2019/20 FY	20/6/2019
	Approval of SDBIP to the Executive Mayor	28/6/2019

Planning process

The municipality was guided mainly by the budget policy which is aligned to the MFMA in terms of key deadlines and considerations.

The municipality then developed key deadlines based on the requirements of the policy and the MFMA as detailed above under the key deadlines as originally approved.

The cost containment measures as adopted by council also informed the budgeting processes of the municipality due to the need to cut on certain expenditures.

Community Consultation

Mopani District Municipality 2019/2020 Final Annual Budget and MTREF

After the draft 2019/20 MTREF would have been tabled before Council on 31 March 2019 for community consultation was published on the municipality's website, and hard copies will be made available at customer care offices, municipal notice boards and various libraries.

The public participation process has taken place as follows:

No.	Date	Area
1.	14/05/2019	Disaster Management Centre
2.	15/05/2019	Maruleng Municipality
3.	16/05/2019	Greater Letaba Municipality
4.	16/05/2019	Greater Tzaneen Municipality
5.	17/05/2019	Greater Giyani Municipality
6.	17/05/2019	BA Phalaborwa Municipality

The draft IDP and Budget was presented to the communities in the form of highlighting the water and sanitation projects that will be provided in the year under budget, together with the two ensuing financial years.

Communities were afforded an opportunity to comment on the planned projects in terms of sufficiency and economy. The community comments were noted and taken into account to the extent possible in the final budget.

All documents in the appropriate format (electronic and printed) was provided to National Treasury, and other national and provincial departments in accordance with section 23 of the MFMA, to provide an opportunity for them to make inputs.

2.2 Overview of alignment of annual budget with IDP

Budget and the IDP are aligned, and no amendments were anticipated at the time of preparing this report.

2.3 Measurable performance objectives and indicators

For the measurable performance and indicators, refer to the Service Delivery and Budget Implementation plan

2.4 Overview of budget related-policies

The Municipality's budgeting process is guided and governed by relevant legislation, frameworks, strategies and related policies and all policies are reviewed

2.4.1 Credit control and debt collection procedures/policies

Review collection policy was applied by Council and adopted in May 2018, the policy is credible, sustainable, and manageable and informed by affordability and value for money. The Credit control and debt collection was reviewed for the 2019/2020 financial year.

2.4.2 Asset Management Policy

The Asset Management, Infrastructure and Funding Policy is considered a strategic guide in ensuring a sustainable approach to asset renewal, repairs and maintenance and is utilised as a guide to the selection and prioritisation of individual capital projects. The policy was reviewed for 2019/2020 financial year.

2.4.3 Budget Policy

The budget process is governed by various provisions in the MFMA and is aimed at instilling and establishing an increased level of discipline, responsibility and accountability in the financial management practices of municipalities. To ensure that the municipality continue to deliver on its core mandate and achieves its developmental goals, the mid-year review and adjustment budget processes will be utilises to ensure that underperforming functions are identified and funds redirected to performing functions. The policy was reviewed for 2019/2020 financial year and adopted by Council.

2.4.4 Supply Chain Management Policy

The goal of this Policy is to provide a mechanism to ensure sound, sustainable and accountable supply chain management within the Mopani District Municipality, whilst promoting black economic empowerment.

The Supply Chain Management Policy has been reviewed and comments were also sought from Provincial Treasury. The policy was reviewed for 2019/2020 financial year and adopted by Council.

1.4.5 Cash Management and Investment Policy

The purpose of this policy is to secure the sound and sustainable management of Mopani District Municipality's surplus cash and investments.

The Municipality's Cash Management and Investment Policy was reviewed for 2019/2020 financial year.

1.4.6 Tariff Policies

The Municipality's tariff policies provide a broad framework within which the Council can determine fair, transparent and affordable charges that also promote sustainable service delivery. The policy was reviewed for 2019/2020 financial year.

1.4.7 Indigent policy

The indigent policy seeks to balance the immediate needs of the poor population to have access to affordable basic services with the long term implications of failure to implement remedial measures coupled with the provision of affordable services to indigents in a financially viable manner. The policy was reviewed for 2019/2020 financial year.

1.4.8 Writing off of bad debts

The purpose of this policy is to ensure that the principles and procedures for writing off irrecoverable debt are formalised.

The policy was reviewed for 2019/2020 financial year.

1.4.9 Virement policy

The purpose of this policy is to provide a framework whereby transfers between line items within votes of the operating budget may be performed with the approval of certain officials. The policy was reviewed for 2019/2020 financial year.

1.4.10 Inventory Policy

The purpose of this policy is to ensure that all the inventory management processes relating to purchasing, issuing and control are formalised. The policy was reviewed for 2019/2020 financial year.

1.4.11 Support to Traditional Leaders Policy

The purpose of this policy is to provide guidance to the municipality on the support to be provided to the traditional leaders within the district jurisdiction. The policy was reviewed for 2019/2020 financial year.

2.1.12 Fleet management Policy

The purpose of this policy is to clarify the position regarding the municipal transport. This covers the use of municipal transport within the municipality and inter alia the use of municipal vehicles permanently allocated to a specific department. The policy was reviewed for the 2019/2020 financial year.

2.5 Overview of budget assumptions

2.5.1 Collection rate for revenue services

- The debt impairment as indicated in the budget seeks to indicate that more efforts need to be put in the collection process.
- Revenue from local municipalities is never transferred to the district
- Tariff increases should be affordable and should generally not exceed inflation as measured by the CPI, except where there are price increases in the inputs of services that are beyond the control of the municipality, for instance the cost of bulk water and electricity.

- The Municipality's tariff policy provides a broad framework within which council can determine fair, transparent and affordable charges that also promote sustainable service delivery. The revenue tariff has been revised from those of the previous financial years to reflect increases in inflation and cost of providing water and sanitation. The municipality has ensured that the tariffs are economic yet affordable by consumers. The tariffs for water and sanitation were set in consultation with the local municipalities.

2.5.2 Salary increases

Personnel costs are funded from equitable shares as part of operational costs. These costs include salaries, social contributions and overtime. The employee costs budgeted at 39.7% of the total operating budget which is well within 40% threshold as applicable in the context of Mopani District Municipality.

Remuneration of employees

The guideline is from CPIX as per the Circular 94

- 2019/20 Financial Year – 5.2%
- 2020/21 Financial Year_5.4%
- 2021/22 Financial Year_5.4%

Remuneration of councilors

We've also considered the actual costs approved in accordance with the gazette on the Remuneration of Public Office Bearers Act: Determination of Upper Limits of Salaries, Allowances and Benefits of different members of municipal councils published on 21 December 2018 by the Department of Cooperative Governance and add 5.2% CPI

2.5.3 Impact of national, provincial and local policies

Integration of service delivery between national, provincial and local government is critical to ensure focussed service delivery and in this regard various measures were implemented to align IDPs, provincial and national strategies around priority spatial interventions. In this regard, the following national priorities form the basis of all integration initiatives:

- Creating jobs;
- Enhancing education and skill development;

- Improving Health services;
- Rural development and agriculture; and
- Fighting crime and corruption.

The municipality's infrastructure projects are labour intensive.

2.5.4 Ability of the municipality to spend and deliver on the programmes

It is estimated that a spending rate of at least 99 per cent is achieved on operating expenditure and 100 per cent on the capital programme for the 2018/2019 MTREF of which performance has been factored into the cash flow budget.

2.5.5 Other factors

The following factors have been taken into consideration in the compilation of the 2019/2020 MTREF:

- National Government macro-economic targets;
- The general inflationary outlook of 5.2%
- The impact of municipal cost drivers;
- The increase in prices for bulk electricity and water; and
- The 2018/19 Adjustments Budget priorities and targets,
- Equitable shares informed expenses as no own cash collection
- Conditional grants are ring-fenced
- Public participation comments are incorporated
- The need to ensure that the budget is cash backed
- The lessons learned from the 2018/19 Adjustments Budget process in terms of spending, priorities and targets,
- The fact that service delivery and capital projects are labour intensive;
- The need to increase support for LED projects;
- Participating fully in the Extended Public Works Programme; and
- Implementing interns programmes to provide young people with on the job training
- The need to fully implement cost containment measure from National Treasury.
- Though in contravention of the municipality's budget policy, the municipality prepared the 2019/20 budget using a combination of incremental and zero based budgeting approaches. The approaches were informed by the nature of items under budgeting

consideration. Projects were budgeted using the zero based budgeting approach whilst operational costs were determined using an incremental approach due to historic trends. The municipality will be reviewing its budget policy in the next review cycle to accommodate the incremental approach basis where feasible.

2.6 Overview budget funding

Tables A2; A3, A4; A5; A6 and their respective narrative above, provide detailed information and narratives regarding the overview budget funding.

In the overall the municipality is not fiscally sustainable based on the following:

- Significant historic obligations in the form of legal obligations,
- Lepelle Northern Water debt,
- Department of Water and Sanitation Debt as well as
- Debts owed to local municipalities through the SLAs on water and sanitation provisioning.
- Lack of cash collections from consumers
- Growing payroll book with no corresponding funding.

Mopani District Municipality 2019/2020 Final Annual Budget and MTREF

2.7 Expenditure on grants and reconciliation of unspent funds

DC33 Mopani - Supporting Table SA18 Transfers and grant receipts

Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
RECEIPTS:	1, 2									
Operating Transfers and Grants										
National Government:		635 448	692 376	819 637	950 859	950 859	950 859	965 159	1 117 191	1 179 845
Local Government Equitable Share		631 553	686 633	757 360	840 762	840 762	840 762	919 537	998 379	1 086 619
Finance Management		1 325	1 460	1 795	1 865	1 865	1 865	2 330	2 762	3 026
Municipal Systems Improvement		940	2 340							
Water Services Operating Subsidy				58 757	107 000	107 000	107 000	40 000	116 050	90 000
EPWP Incentive		1 630	1 943	1 725	1 232	1 232	1 232	3 292		
LP- Health (EHP)										
Provincial Government:										
LP- Health (EHP)										
District Municipality: [insert description]										
Other grant providers: LG SETA										
Total Operating Transfers and Grants	5	635 448	692 376	819 637	950 859	950 859	950 859	965 159	1 117 191	1 179 845
Capital Transfers and Grants										
National Government:		447 153	440 956	422 938	446 699	549 110	549 110	556 866	679 485	762 726
Municipal Infrastructure Grant (MIG)		445 152	438 907	420 735	444 492	444 492	444 492	454 295	481 413	520 425
Rural Transport Services and Infrastructure		2 001	2 049	2 202	2 207	2 207	2 207	2 338	2 472	2 609
RBIG-MAMETJA-SEKORORO						17 911	17 911			
Drought Relief WSIG						84 600	84 600	100 233	195 600	239 692
Provincial Government:										
LP Health (EHP)				10 674	15 059	15 059	15 059			
District Municipality: [insert description]										
Other grant providers: LG SETA LP Econ (Biosphere)				941 725 216	2 000 2 000 -	2 000 2 000 -	2 000 2 000 -			
Total Capital Transfers and Grants	5	447 153	440 956	434 553	463 758	566 169	566 169	556 866	679 485	762 726
TOTAL RECEIPTS OF TRANSFERS & GRANTS		1 082 601	1 133 332	1 254 190	1 414 617	1 517 028	1 517 028	1 522 025	1 796 676	1 942 571

The table below depicts the grants that the municipality will be received as per the DORA bill. The municipality is grant dependant. It is 83% dependent on grant in all the 2019/20 MTREF

2.8 Councillors and employees benefits

Mopani District Municipality 2019/2020 Final Annual Budget and MTREF

DC33 Mopani - Supporting Table SA22 Summary councillor and staff benefits

Summary of Employee and Councillor remuneration		2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
R (thousand)	Ref	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
		A	B	C	D	E	F	G	H	I
Councillors (Political Office Bearers plus Other)										
Basic Salaries and Wages		7 876	8 698		8 927	9 927	9 927	12 285	12 948	13 647
Pension and UIF Contributions		707	807		—	—	—	—	—	—
Medical Aid Contributions		104	104		—	—	—	—	—	—
Motor Vehicle Allowance		2 808	543		2 211	2 251	2 251	—	—	—
Cellphone Allowance		543	3 146		1 171	1 201	1 201	1 111	1 171	1 235
Housing Allowances		—	—	—	—	—	—	—	—	—
Other benefits and allowances		—	—	—	—	—	—	—	—	—
Sub Total - Councillors		12 038	13 297	—	12 308	13 378	13 378	13 396	14 119	14 882
% increase	4		10.5%	(100.0%)	—	8.7%	—	0.1%	5.4%	5.4%
Senior Managers of the Municipality										
Basic Salaries and Wages		4 835	372		9 614	9 614	9 614	10 114	10 660	11 236
Pension and UIF Contributions		300	71	—	82	82	82	66	91	96
Medical Aid Contributions		79	—	—	—	—	—	—	—	—
Overtime		—	—	—	—	—	—	—	—	—
Performance Bonus		—	—	—	—	—	—	—	—	—
Motor Vehicle Allowance		2 155	2 166		2 509	2 509	2 509	2 640	2 782	2 933
Cellphone Allowance		72	—	—	—	—	—	—	—	—
Housing Allowances		1 158	359		462	462	462	466	512	540
Other benefits and allowances		600	70		81	81	81	86	90	95
Payments in lieu of leave		—	—	—	—	—	—	—	—	—
Long service awards		—	—	—	—	—	—	—	—	—
Post-retirement benefit obligations		—	—	—	—	—	—	—	—	—
Sub Total - Senior Managers of Municipality		9 266	3 079	—	12 749	12 749	12 749	13 412	14 136	14 900
% increase	4		(66.8%)	(100.0%)	—	—	—	5.2%	5.4%	5.4%
Other Municipal Staff										
Basic Salaries and Wages		231 619	210 345		219 905	196 542	196 542	256 750	270 657	285 272
Pension and UIF Contributions		44 668	41 759		49 331	35 638	35 638	51 897	54 699	57 653
Medical Aid Contributions		21 303	24 805		37 425	13 274	13 274	39 371	41 498	43 738
Overtime		17 398	22 918		24 658	30 724	30 724	25 540	27 341	28 818
Performance Bonus		108	—	—	—	—	—	—	—	—
Motor Vehicle Allowance		18 198	16 272		26 391	23 481	23 481	27 764	29 263	30 843
Cellphone Allowance		67	79		790	790	790	831	876	923
Housing Allowances		10 279	7 819		8 511	6 487	6 487	8 853	9 437	9 946
Other benefits and allowances		12 554	31 845		29 831	32 161	32 161	31 383	33 077	34 863
Payments in lieu of leave		—	1 421		1 441	1 441	1 441	1 516	1 599	1 684
Long service awards		558	574		550	640	640	521	654	690
Post-retirement benefit obligations		—	—	—	—	—	—	—	—	—
Sub Total - Other Municipal Staff		356 753	357 837	—	398 874	341 178	341 178	445 066	469 100	494 431
% increase	4		0.3%	(100.0%)	—	(14.5%)	—	30.4%	5.4%	5.4%
Total Parent Municipality		378 057	374 213	—	423 931	367 305	367 305	471 874	497 355	524 212
			(1.0%)	(100.0%)	—	(13.4%)	—	28.5%	5.4%	5.4%
Board Members of Entities										
Basic Salaries and Wages		—	—	—	—	—	—	—	—	—
Pension and UIF Contributions		—	—	—	—	—	—	—	—	—
Medical Aid Contributions		—	—	—	—	—	—	—	—	—
Overtime		—	—	—	—	—	—	—	—	—
Performance Bonus		—	—	—	—	—	—	—	—	—
Motor Vehicle Allowance		—	—	—	—	—	—	—	—	—
Cellphone Allowance		—	—	—	—	—	—	—	—	—
Housing Allowances		—	—	—	—	—	—	—	—	—
Other benefits and allowances		—	—	—	—	—	—	—	—	—
Board Fees		—	—	—	—	—	—	—	—	—
Payments in lieu of leave		—	—	—	—	—	—	—	—	—
Long service awards		—	—	—	—	—	—	—	—	—
Post-retirement benefit obligations		—	—	—	—	—	—	—	—	—
Sub Total - Board Members of Entities		—	—	—	—	—	—	—	—	—
% increase	4		—	—	—	—	—	—	—	—
Senior Managers of Entities										
Basic Salaries and Wages		—	—	—	—	—	—	—	—	—
Pension and UIF Contributions		—	—	—	—	—	—	—	—	—
Medical Aid Contributions		—	—	—	—	—	—	—	—	—
Overtime		—	—	—	—	—	—	—	—	—
Performance Bonus		—	—	—	—	—	—	—	—	—
Motor Vehicle Allowance		—	—	—	—	—	—	—	—	—
Cellphone Allowance		—	—	—	—	—	—	—	—	—
Housing Allowances		—	—	—	—	—	—	—	—	—
Other benefits and allowances		—	—	—	—	—	—	—	—	—
Payments in lieu of leave		—	—	—	—	—	—	—	—	—
Long service awards		—	—	—	—	—	—	—	—	—
Post-retirement benefit obligations		—	—	—	—	—	—	—	—	—
Sub Total - Senior Managers of Entities		—	—	—	—	—	—	—	—	—
% increase	4		—	—	—	—	—	—	—	—
Other Staff of Entities										
Basic Salaries and Wages		—	—	—	—	—	—	—	—	—
Pension and UIF Contributions		—	—	—	—	—	—	—	—	—
Medical Aid Contributions		—	—	—	—	—	—	—	—	—
Overtime		—	—	—	—	—	—	—	—	—
Performance Bonus		—	—	—	—	—	—	—	—	—
Motor Vehicle Allowance		—	—	—	—	—	—	—	—	—
Cellphone Allowance		—	—	—	—	—	—	—	—	—
Housing Allowances		—	—	—	—	—	—	—	—	—
Other benefits and allowances		—	—	—	—	—	—	—	—	—
Payments in lieu of leave		—	—	—	—	—	—	—	—	—
Long service awards		—	—	—	—	—	—	—	—	—
Post-retirement benefit obligations		—	—	—	—	—	—	—	—	—
Sub Total - Other Staff of Entities		—	—	—	—	—	—	—	—	—
% increase	4		—	—	—	—	—	—	—	—
Total Municipal Entities		—	—	—	—	—	—	—	—	—
TOTAL SALARY, ALLOWANCES & BENEFITS		378 057	374 213	—	423 931	367 305	367 305	471 874	497 355	524 212
% increase	4		(1.0%)	(100.0%)	—	(13.4%)	—	28.5%	5.4%	5.4%
TOTAL MANAGERS AND STAFF	5.7	366 019	360 915	—	411 623	353 927	353 927	458 478	483 236	509 330

Mopani District Municipality 2019/2020 Final Annual Budget and MTREF

The total salaries and Wages for the municipality including Councillors allowance for the 2019/20 financial year is R471 874 023

2.9 Monthly targets for revenue, expenditure and cash flow

DC33 Mopani - Supporting Table SA30 Budgeted monthly cash flow

MONTHLY CASH FLOWS	Budget Year 2019/20												Medium Term Revenue and Expenditure Framework		
	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Cash Receipts By Source															
Property rates	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Service charges - electricity revenue	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Service charges - water revenue	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Service charges - sanitation revenue	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Service charges - refuse revenue	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Rent of buildings and equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest earned - external investments	108	368	229	222	172	854	257	155	1255	358	568	4458	9000	9486	9988
Interest earned - outstanding debtors	-	-	-	1500	4550	1523	5248	4060	-	1256	-	20676	38791	40886	43094
Dividends received	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Licences and permits	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Agency services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfer receipts - operational	273 274	748	3 558	422	3 558	295 955	107 000	4 072	161 658	66 973	-	17 901	625 159	1 001 141	1 089 845
Other revenue	686	3 628	2 570	18 599	4 026	1 655	2 011	22	216	14 568	-	40 455	68 436	93 212	98 245
Cash Receipts by Source	274 060	4 376	6 127	19 021	12 348	300 009	114 914	8 149	163 128	83 154	568	85 409	1 001 506	1 144 725	1 241 182
Other Cash Flows by Source															
Transfer receipts - capital	99 221	1 545	31 437	-	-	153 900	-	652	299 371	-	-	11 703	598 839	755 507	852 696
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departments)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions & Transfers and subsidies - capital (in-kind)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Proceeds on disposal of PPE	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Short-term loans	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Borrowing long-term financing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Increase (decrease) in consumer deposits	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Decrease (increase) in non-current debtors	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Decrease (increase) other non-current receivables	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Decrease (increase) in non-current investments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Cash Receipts by Source	373 280	6 290	37 794	20 743	12 348	453 928	114 914	8 911	451 499	83 154	568	95 192	1 600 228	1 940 232	2 093 878
Cash Payments by Type															
Employee related costs	28 722	23 358	19 920	26 166	32 082	29 453	18 895	20 759	21 569	21 582	23 100	65 227	351 674	497 355	524 212
Remuneration of councillors	563	997	593	991	992	1 710	1 119	991	991	1 055	679	1 705	13 396	14 119	14 882
Finance charges	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Bank purchases - Electricity	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Bank purchases - Water & Sewer	50 000	10 000	-	-	-	40 000	10 000	10 000	30 000	10 000	-	70 000	230 663	243 119	258 247
Other materials	5 594	3 657	3 610	3 123	3 902	10 513	3 794	31 541	1 902	1 500	4 000	35 973	168 229	114 073	120 233
Contracted services	704	41	1 132	2 035	906	458	1 546	3 250	655	259	1 559	13 616	26 669	29 109	29 627
Transfers and grants - other municipalities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers and grants - other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other expenditure	12 483	9 832	7 055	2 775	2 691	13 375	84 764	18 102	13 658	9 834	15 200	131 977	321 956	268 052	269 349
Cash Payments by Type	98 471	47 296	32 726	35 090	40 362	95 519	120 118	84 674	69 174	44 250	44 748	340 361	1 052 787	1 184 828	1 214 551
Other Cash Flows/Payments by Type															
Capital assets	105 779	30 299	10 654	35 391	1 184	120 750	15 841	54 429	114 603	35 659	35 600	22 220	584 230	661 055	655 779
Repayment of borrowing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Cash Flows/Payments	105 779	30 299	10 654	35 391	1 184	120 750	15 841	54 429	114 603	35 659	35 600	22 220	584 230	661 055	655 779
Total Cash Payments by Type	205 250	77 595	43 591	70 481	41 545	216 270	135 959	139 103	183 977	80 119	80 348	362 581	1 637 017	1 845 912	1 870 330
NET INCREASE/(DECREASE) IN CASH HELD	168 030	(71 305)	(5 797)	(49 737)	(29 199)	237 656	(21 445)	(130 192)	267 523	3 035	(79 978)	(267 389)	21 268	94 219	223 549
Cash/cash equivalents at the month/year begin	52 507	220 848	149 541	143 744	94 007	64 808	302 464	281 019	150 626	418 349	421 384	341 405	52 507	74 016	168 335
Cash/cash equivalents at the month/year end	220 848	149 541	143 744	94 007	64 808	302 464	281 019	150 626	418 349	421 384	341 405	74 016	74 016	168 335	391 884

The total Cash Receipts by source of the municipality is mainly derive from the grant. The total grant anticipated to be received in the 2019/20 financial year is amounting to R1 522 025 000.

2.10 Contract having future budgetary implications

No contract are awarded beyond the medium-term revenue and expenditure framework (three years).

Mopani District Municipality 2019/2020 Final Annual Budget and MTREF

2.11 Capital expenditure details

Vote Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19				2019/20 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
R thousand	1										
Capital expenditure - Vote											
Multi-year expenditure to be appropriated	2										
Vote 1 - Executive and Council/Mayor & council		-	-	-	-	-	-	-	-	-	-
Vote 2 - Executive & Council/Municipal Manager		-	-	-	-	-	-	-	-	-	-
Vote 3 - Finance & Admin/Finance		-	250	-	-	-	-	-	2 000	13 000	-
Vote 4 - Corporate Services/HR		-	-	-	-	-	-	-	-	-	-
Vote 5 - Finance & Admin/Other Admin		-	166	-	2 207	2 207	2 207	2 207	-	3 062	3 243
Vote 6 - Planning & Development/Economic		-	-	-	-	-	-	-	-	-	-
Vote 7 - Health/Other		-	-	-	-	-	-	-	-	-	-
Vote 8 - Community Services/Other Community		-	60	-	-	-	-	-	-	-	-
Vote 9 - Public Services/Fire		2 800	4 350	801	18 500	18 500	18 500	18 500	17 100	28 750	18 000
Vote 10 - Public Safety/Other		-	500	-	600	600	600	600	3 850	1 430	1 070
Vote 11 - Roads Transport/Roads		-	-	-	-	-	-	-	-	-	-
Vote 12 - Water/Water Distribution		182 573	282 475	243 274	107 000	196 018	196 018	196 018	260 186	501 242	384 000
Vote 13 - Electricity/Electricity Distribution		-	-	-	-	-	-	-	-	-	-
Vote 14 - Corporate Services/Information Technology		3 550	1 700	-	1 310	980	980	980	700	500	254
Vote 15 - Waste Water Management/Sewerage		16 400	-	1 145	-	(2 606)	(2 606)	(2 500)	40 468	51 000	121 000
Capital multi-year expenditure sub-total	7	204 223	289 501	251 814	129 617	215 805	215 805	215 805	324 245	598 985	527 567
Single-year expenditure to be appropriated	2										
Vote 1 - Executive and Council/Mayor & council		-	-	-	-	-	-	-	-	-	-
Vote 2 - Executive & Council/Municipal Manager		-	-	-	-	-	-	-	-	-	-
Vote 3 - Finance & Admin/Finance		-	250	2 194	3 250	3 500	3 500	3 500	360	-	-
Vote 4 - Corporate Services/HR		-	-	-	-	-	-	-	-	-	-
Vote 5 - Finance & Admin/Other Admin		-	1 450	-	4 000	4 000	4 000	4 000	1 700	2 000	-
Vote 6 - Planning & Development/Economic		-	-	-	-	-	-	-	-	-	-
Vote 7 - Health/Other		-	-	-	-	-	-	-	-	-	-
Vote 8 - Community Services/Other Community		-	-	-	-	-	-	-	-	-	-
Vote 9 - Public Services/Fire		-	500	-	100	100	100	100	3 000	10 000	5 120
Vote 10 - Public Safety/Other		-	-	-	-	-	-	-	-	-	-
Vote 11 - Roads Transport/Roads		-	-	-	-	-	-	-	-	-	-
Vote 12 - Water/Water Distribution		41 693	126 900	210 040	444 492	465 454	465 454	465 454	247 306	21 409	123 092
Vote 13 - Electricity/Electricity Distribution		-	-	-	-	-	-	-	-	-	-
Vote 14 - Corporate Services/Information Technology		3 800	1 600	476	-	-	-	-	4 000	-	-
Vote 15 - Waste Water Management/Sewerage		21 459	29 084	77 174	-	33 324	33 324	33 324	3 679	28 691	-
Capital single-year expenditure sub-total		66 952	159 784	289 884	451 842	506 378	506 378	506 378	259 986	62 100	128 212
Total Capital Expenditure - Vote		271 175	449 285	541 698	581 459	722 183	722 183	722 183	584 230	661 085	655 779
Capital Expenditure - Functional											
Governance and administration		61 928	5 416	2 670	8 560	8 480	8 480	8 480	8 700	16 562	3 497
Executive and council		-	-	-	-	-	-	-	-	-	-
Finance and administration		1 200	500	2 670	8 560	8 480	8 480	8 480	8 700	16 562	3 497
Internal audit		59 628	4 916	-	-	-	-	-	-	-	-
Community and public safety		5 050	5 410	801	19 200	19 200	19 200	19 200	23 950	40 180	24 190
Community and social services		-	60	-	-	-	-	-	-	-	-
Sport and recreation		-	-	-	-	-	-	-	-	-	-
Public safety		5 050	5 350	801	19 200	19 200	19 200	19 200	23 950	40 180	24 190
Housing		-	-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-	-
Economic and environmental services		-	-	-	-	-	-	-	-	-	-
Planning and development		-	-	-	-	-	-	-	-	-	-
Road transport		-	-	-	-	-	-	-	-	-	-
Environmental protection		-	-	-	-	-	-	-	-	-	-
Trading services		205 097	439 009	538 227	553 699	694 473	694 473	694 473	551 580	602 342	628 092
Energy sources		-	-	-	-	-	-	-	-	-	-
Water management		182 573	409 925	453 314	488 699	663 649	663 649	663 649	507 492	522 652	507 092
Waste water management		22 525	29 084	84 912	65 000	30 824	30 824	30 824	44 088	79 691	121 000
Waste management		-	-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-	-
Total Capital Expenditure - Functional	3	271 175	449 835	541 698	581 459	722 153	722 153	722 153	584 230	661 085	655 779
Funded by:											
National Government		205 097	441 507	538 227	553 699	694 473	694 473	694 473	551 580	646 993	628 092
Provincial Government		-	-	-	-	-	-	-	-	-	-
District Municipality		-	-	-	-	-	-	-	-	-	-
Other transfers and grants		-	-	-	-	-	-	-	-	-	-
Transfers recognised - capital	4	205 097	441 507	538 227	553 699	694 473	694 473	694 473	551 580	646 993	628 092
Borrowing	6	-	-	-	-	-	-	-	-	-	-
Internally generated funds	6	66 078	8 328	3 472	27 760	27 680	27 680	27 680	32 650	14 092	27 687
Total Capital Funding	7	271 175	449 835	541 698	581 459	722 153	722 153	722 153	584 230	661 085	655 779

2.12 Legislation compliance status

Below is an overview of the compliance status with the key legislations affecting the municipality:

Municipal Finance Management Act

The municipality is still have a room to improve on reporting requirement to the Provincial and National Treasury.

Municipal Systems Act

The municipality is compliance in this regard

Municipal Structures Act

The municipality is compliance in this regard

Treasury Regulations

The municipality is still having a room to improve in terms of compliance with treasury regulations.

mSCOA

The municipality to date is not compliant with mSCOA requirements and set time frames.

GRAP

The municipality is still having a room to improve on compliance with GRAP reporting requirements

Basic Conditions of Employment Act

The municipality is still having a room to improve on the compliance with BCEA

2.13 Other supporting documents

See attached copy of the Annual Budget for the following supporting tables

- MBRR SA 1 – Supporting detail to budgeted financial performance

- MBRR SA 2 – Matrix financial Performance budget (revenue source/expenditure type and department)
- MBRR SA 3 – Supporting detail to statement of financial position
- MBRR SA 9 – Social, economic and demographic statistics and assumptions
- MBRR SA 32 – List of external mechanisms

2.14 Municipal manager's quality certificate

I **Selemo Republic Monakedi**, Municipal Manager of Mopani District Municipality (DC 33), hereby certify that the draft budget and supporting documentation have been prepared in accordance with the Municipal Finance Management Act and the regulations made under the Act, and that the draft budget and supporting documentation are consistent with the Integrated Development Plan of the municipality.

Selemo Republic Monakedi

Municipal Manager of Municipal Manager of Mopani District Municipality (DC 33)

Signature: 

Date: 21/06/2019

